

## HE ROUND TABLE

WAP TERLY REVIEW OF THE POLITICS OF THE
BRITISH COMMONWEALTH

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The Crisis in India

The Task of the Imperial Conference-

Hoover and his first Congress

Imperial Economic Unity

England from Without

China in 1930

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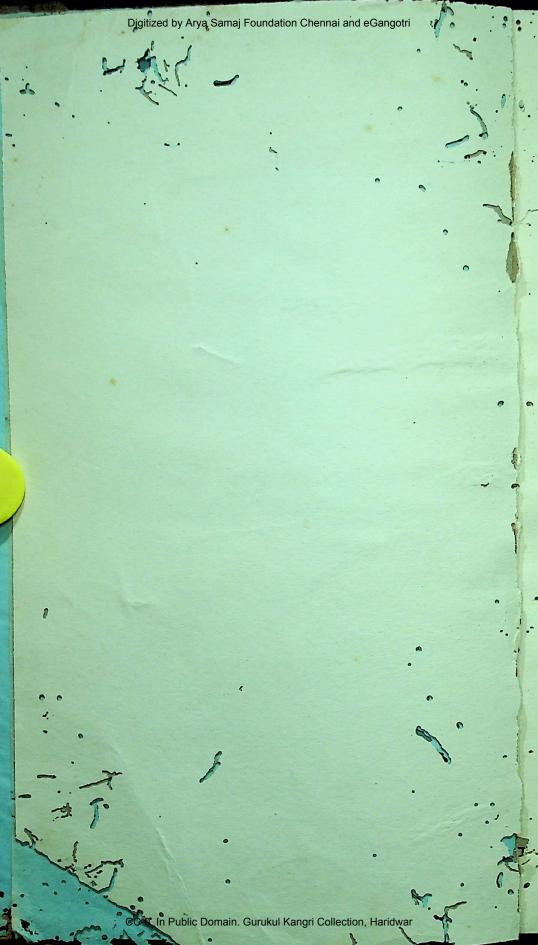
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## THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

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#### NOTE

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in all parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. The affairs of The Round Table in each portion of the Commonwealth are in the hands of local residents who are responsible for all articles on the politics of their own country. It is hoped that in this way The Round Table will reflect the current opinions of all parts about Imperial problems, and at the same time present a survey of them as a whole. While no article will be published in the interest of any political party, articles may from time to time be published explaining the standpoint of particular parties or sections of opinion. In such cases, however, the character of the article will be made clear by an introductory note.

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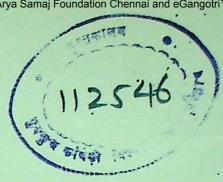
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#### THE CRISIS IN INDIA

#### I. THE NATURE OF THE CRISIS

THE events of the last few months prove that Anglo-Indian relations have reached the point of crisis. The nature of that crisis is two-fold. The first concerns the method of transferring power and responsibility from British to Indian hands. There is now common ground between Great Britain and India that the days of the old British Raj, that is, of the system in which the whole responsibility for Indian unity, peace, and good government rested upon British shoulders, are numbered. That was implied in the Pronouncement of 1917 and the Reformed Constitution of 1919. It is also common ground that the transition from the British Raj to responsible Indian self-government should be as rapid as is practically possible. That is not only the demand of all the Indian political groups, but has been accepted by the leaders of all the British parties, and is the manifest basis of the thinking and recommendations of the Simon Commission. Speaking broadly, there has not, up to the present, been any substantial transference of responsibility from British to Indian shoulders. The Morley-Minto Reforms were clearly preparatory. The Montagu-Chelmsford Referms of 1919 were intended to transfer responsibility, but fer reasons set forth in the Simon Commission's Report, to which further reference will be made in these. pages, much less responsibility seems to have fallen on Indian shoulders than was intended. The stage has now

been reached when power and responsibility are to pass, at any rate in provincial matters, to elected Indians. Yet the transference of real responsibility from one set of hands to another always has in it some element of crisis, because no one can foretell how the new hands will wield the tremendous powers of the modern State or deal with the political forces which will be brought to bear upon any Indian government from below.

The second element of crisis is whether the transition to Indian self-government is to be by constitutional methods leading towards an India united and assuring liberty to the individual under the law and some measure of democratic control to the people, or whether it is to be by revolutionary methods, violent or non-violent, leading either to despotism by some Indian party or military leader and the overthrow of individual liberty and democracy, as has been the case in Russia and Italy, or to chaos and the break up of India into a number of conflicting racial or dynastic States, as was the case in Europe after the destruction of the Roman Empire and is the case in China to-day. In this matter the decision is likely to lie with events rather than with any predetermined policy. All parties in Great Britain naturally believe in those constitutional principles upon which a true commonwealth, whether in its Greek or Roman, its British or American, form has alone been built. The Liberals, or Moderates, in India also stand for constitutionalism. The minorities, Mahomedan, Sikh, and non-Brahmin, thinking mainly of themselves. The Indian Princes are in the same position. But the Indian National Congress. stands for the revolutionary road, though it again is divided into those who stand for revolution by physical violence on the traditional European or Russian model and . • those who follow Mahatma Gandhi and Stand for nonviolent methods of bringing the present regime to an end. . In these conditions, as power is transferred from British hands, will the outcome be law and liberty or chaos, despotism and war.

## A Problem in Psychology.

#### II. A PROBLEM IN PSYCHOLOGY

THERE is not much doubt that so far as Great Britain and India are concerned, some of the present difficulty arises from misundertsanding. This is shown by the obviously different meanings attached to the phrase "Dominion status" in Britain and in India. In England it implies a constitution like that of Canada with every British official and the whole British army withdrawn, and a Viceroy who is no more than a constitutional figure-head. In India the emphasis seems to be far more on the word "status" than on the full implications of the words "responsible government." Few Indians seem to contemplate the total withdrawal of British power from

India at any early date.

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It is shown even more clearly by the reception of the Simon Commission's Report. To British opinion, and indeed to European and American opinion, the Report is a dispassionate, honest, and fair minded presentation of the facts which must be taken into account in determining how responsibility for government can actually be transferred from British to Indian hands without endangering the structure of government itself. The far-reaching character of the reforms which it proposes is obscured perhaps by the fact that the Commission was appointed to report to Parliament, and has therefore used language and arguments appropriate to that purpose. None the less, most experienced administrators, whether British or foreign, seem to consider that from the strictly administrative point of view the reforms proposed go dangerously far and may lead to a partial breakdown of government during the early period of transition. Yet in India the Report has no friends. And that seems to be the case not so much because Indians are agreed on any practical alternative, as because the Report proposes what is in form a continuance of the

present British Raj at the centre, though it is tempered by full autonomy in the provinces, and is itself a purely British proposal by a purely British Commission for dealing with India's future, in whose preparation Indians have had no share.

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We do not in this article propose to discuss in any detail the merits or demerits of the practical proposals put forward by Sir John Simon and his colleagues, though we are inclined to think that when the time comes for representative Indians to determine in a practical spirit what are the actual steps which can and ought to be taken now towards Dominion status in India, they will find that the facts set forth in the Simon Commission's Report are the facts with which they will have to deal. For at the moment an agreed basis for discussion does not exist. And that is what it is necessary to find. Lord Salisbury, when Prime Minister, used to say that no international conference should be allowed to meet until a basis of understanding was settled. It is the same between Great Britain and India to-day. The first step is to try to arrive at a broad basis of understanding between public opinion in the two countries as to what the relationship between them in the immediate future is to be. Then, and then only, will it be possible to obtain fair consideration for the far more difficult problem of finding the ways and means of giving practical effect to such an understanding in the field of government. What should be the basis of such an understanding?

#### III. THE HISTORICAL BACKGROUND

#### (a) The British View

THERE is little use in considering the reasons why Great Britain became responsible for government in India. The British Raj came into being long before democracy had begun to make effective headway in Europe or nationalism had made its influence felt in Asia. It arose out of economic and political world forces which have 682

The Historical Background

almost no relation to the facts and dominant opinions of the present age. Imperialism, democracy, self-determination and nationality—the world slogans of to-day—had no practical meaning in the politics of that age.

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However out of date the rule of one country by the citizens of another may now seem to modern liberal minds, the present day Englishman is in no way inclined to condemn himself for the British Raj. For nearly 150 years it has given unity, peace, and high standards of justice and incorrupt administration to a sub-continent containing over 300,000,000 people. It has secured to the Indian greater individual liberty, a longer peace, more freedom of speech and movement, and more education than he had ever enjoyed within the record of history. Great Britian may have been slow to take those far-reaching measures of economic development which were necessary to raise the standard of living in a country in which the population began rapidly to increase as a result of the stoppage of war and famine and the curbing of epidemic disease, though in recent years, partly no doubt owing to Indian pressure, The standard of living of the people has been rising.\* She may also not have shown much prophetic zeal for developing self-governing institutions in an age when democracy, as a practical system, was hardly known outside the United States, and in face of the almost universal apathy of the Indian people themselves.

The extent of Indian economic development may be seen from the following figures. In fifty years India's exports of merchandise have risen from 600 millions of rupees to over 3,000 millions, and her imports from 400 millions to nearly 3,000 millions. Her railway system has increased since 1872 from 5,000 to some 40,000 miles. In 1928-9, 1,270 miles of new railway (government) were opened and 3,200 miles were under construction. The total outlay on irrigation to March 1928 amounted to £86,000,000, and the area irrigated to 27.5 million acres, or 12 per cent. of the total cropped area. The total length of canal distributories exceeds 67,000 miles. The total mileage of surfaced roads is 59,000. The total number of co-operative societies, started largely under government impetus, now exceeds 76,000. It is now generally admitted that, low as the standard of living of the villager still remains, it has steadily risen in recent years despite the increase in population.

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Yet when the demand for self-government began to be effective Great Britain did not resist it. In 1882 came the Ripon Reforms designed to develop the sense of political responsibility in local affairs. Then came the Act of 1892 which created the Provincial Councils, followed by the Morley-Minto Reforms of 1907, which enlarged those Councils, abandoned the official majority in them, and enlarged the Indian Legislative Assembly. Finally came the Montagu-Chelmsford Reforms of 1919 with the famous system of dyarchy. The idea of dyarchy has too often been misunderstood or lightly dismissed as absurd. Yet the very essence of it was to transfer real responsibility. fundamental difficulty in all attempts to pass peacefully from an autocratic to a democratic system of government lies in the difficulty of transferring power or responsibility. Experience shows that to face an elected legislature with an irremovable executive is to develop irresponsibility and a purely critical spirit in the legislature, while to transfer executive power at once to an inexperienced legislature is to imperil government itself. These difficulties, which have shown themselves repeatedly in history in the nations of the West, were obviously far greater in a sub-continent like India containing more than 300,000,000 people of many races, languages, and religions. Dyarchy was an attempt to bridge over this difficulty by transferring full responsibility for certain of the functions of the government in the provinces to Ministers responsible to legislatures, which were in their turn responsible to electorates based upon education and property, while keeping responsibility for certain other and more difficult functions of government in the hands of officials ultimately responsible to the British. Parliament.

The dyarchic experiment has been successful in so far as it has produced a large number of Indian politicians who have had some experience both of executive government and of dealing with elected legislatures in a responsible manner. It is on this group that the hope of peaceful

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progress towards self-government in India really rests. For while its position is one of great difficulty, midway between the responsible caution of Great Britain on the one side and the irresponsible and inexperienced enthusiasm of Indian nationalism on the other, it is the one body which can mediate between the two. But dyarchy failed of its full effect as an educational system because it was never given a full trial, partly on account of the non-co-operation movement, and partly, as the Simon Commission points out, because Executive Councillors and Ministers in the provinces have too often been driven to act as a single whole in dealing with a not too friendly legislature.\*

Moreover, the Englishman does not blame himself unduly for the relative failure of the Montagu-Chelmsford Reforms to produce confidence and co-operation between British and Indians in giving effect to the 1917 Pronouncement. These reforms represented an immense step forward, far greater than anyone had thought possible in 1914. But the world war let loose tremendous forces which destroyed government and order in many countries, and threatened to do so in India too, leading to events such as the Rowlatt Act, the Amritsar tragedy, and the Khilafat agitation, which estranged important elements of Indian opinion and gave rise to a non-co-operation movement which destroyed the very foundations upon which the hopes of the 1919 reforms had been built. The Englishman regards as almost unavoidable incidents in the gigantic task of restoring peace and the reign of law in a world reeling towards ruin what the Indian regards as proofs of a studied determination to bludgeon

<sup>\*</sup> It is further to be remembered that the greatest difficulties have arisen in the Indian Legislative Assembly where dyarchy aid not exist. Its members, not having had even that measure of responsibility which dyarchy implies, have tended to become irresponsible critics and to use the meetings of the Assembly as a sounding board for political propaganda, a tendency intensified by the fact that the Joint Committee of Parliament decided that its members should be elected by gigantic all-India constituencies in which no contact between elector and candidate was possible, and not by the Provincial Assemblies as recommended by the Montagu-Chelmsford Report.

India herself into dependence on the British will. He also thinks that since the passage of the reforms the Indian politician has really had the game in his own hands if he had only set to work to use the tremendous powers conferred upon him by the constitution, instead of refusing co-operation because he was not allowed to run before he had learnt to walk. He is inclined to think that difficulties since the war have been due quite as much to inefficiency, instability, lack of mutual trust, and lack of combination among Indians themselves as to any lack of enthusiasm on the part of Britain or the Indian Government. But in any case what he really wants to-day is not to prevent Swaraj but to find the practical road to it without revolution or war.

#### (b) The Indian View

The Indian, or rather the modernised Indian, takes a different view. He will admit much of what the Englishman claims. He will often go further and recognise that contact with England, with English literature and political ideas, with the best type of English character, has been a main source of those liberating and progressive currents which are now disturbing the ancient calm of Indian life. None the less he will denounce British Imperialism as the great enemy of Indian freedom to-day. He will point out that while England has given India unity and peace, law and order, she has not only failed to develop and cultivate virtues of independence and responsibility in Indians, virtues which she herself most admires, but, up to the great war, she repressed them and punished as sedition mongers, those who deminded self-government for themselves. The much vauxted Pax Britannica has, in other words, to the Nationalist Indian been the peace and order of the prison house and not the discipline and stimulus of the school.

Since the war the Nationalist objection has been somewhat different. It is that while the goal of self-government has been proclaimed and a dyarchic constitution established, some excuse has, in fact, been found to resist the exercise

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of real responsibility by Indians, so that, except in trivial matters, power is still exercised by the Indian Civil Service and not by the elected representatives of India. That resistance may not be deliberate. It may arise from the reluctance of an efficient civil service to see power pass from trained to untrained hands, and from the inherent difficulties in the way of dividing responsibility for government. None the less, to the Indian mind, there has been a resistance to which he never ceases to apply the term duplicity or breach of faith.

The view taken by Indian Nationalists of the Rowlatt Act and the Jallianwalla Bagh shootings has already been Mr. C. F. Andrews says that "Amritsar was the critical event which turned Mahatma Gandhi from a wholehearted supporter into a pronounced opponent" of the British Raj, and was the immediate cause of the launching of non-co-operation. And then, after the memories of these events had died down, and some measure of co-operation was, in fact, being accorded, came the final blow of the Simon Commission. For the appointment of a Statutory Commission composed of seven Englishmen without previous experience of India and without Indian colleagues, to advise as to the next step towards Indian self-government, while sensible enough from the purely British Parliamentary standpoint, was, to the political Indian, proof that England intended to keep power in her own hands and did not mean that Indians should share responsibility for what their own country's future should be. Hence the boycott of the Commission by all the Nationalist leaders and the decision of Congress to start non-violent civil disobedience on January 1, 1930, unless a Dominion constitution was in being by that date.

Unjust though the reasoning may seem to the Englishman at home, it is probably true to say that the average Indian Nationalist is convinced that Great Britain will not, in fact, yield power in India to argument; but only to necessity. Many Nationalist leaders are convinced that

it is only by organising the opposition to British rule that Great Britain will be forced to yield to Indian demands, and that India herself will produce the type of leader and the party discipline necessary to enable her to take responsibility for government into her own hands.

#### . IV. THE BASIS OF RECONCILIATION

THE history of the last ten years is not one for I recrimination on either side. British and Indians have been wrestling with forces almost beyond human control. In the event, India has, so far, been saved from the terrible sufferings which have overtaken Russia and China. Fortunately there is at bottom no "irreconcilable conflict" in intention. "Swaraj" is accepted by both as the goal. The Englishman is no longer inclined to boast of the Empire on which the sun never sets, or to take pride in ruling another race. The difficulty lies in the means to the end—Swaraj. It is the problem of finding common ground between experience and idealism-between people of long political experience who are thinking in terms of how the work of government is to be adequately performed day by day, and people few of whom have had experience of governmental responsibility and its difficulties, and in consequence are preoccupied with the goal rather than the road thereto. And it is a problem made doubly difficult by race feeling.

What is the remedy? The remedy, to our mind, is to abide faithfully by the principle which lies at the root of the British Commonwealth, and apply it fearlessly to the situation. That principle is responsibility. It is a right and proper thing that Indians should wish to govern themselves. It is the primary object of the British Commonwealth to develop that capacity in all its races and peoples. The best tribute to British rule in India is that the demand

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for self-government should be as strong and determined as it is, and that so much of the demand should take a constitutional form. The true remedy for the extravagance of the Nationalist demands, an extravagance which has always appeared at a similar stage in other countries' development, is responsibility for government itself. Every month of delay in securing the transfer of real responsibility aggravates the risk of resort to revolutionary methods, and is a threat to constitutional methods. For the alternative to advance by constitutional methods is anarchy or tyranny, and both spell the destruction of individual liberty and ordered peace and that progressive sharing of responsibility for government by ever larger numbers of Indians, which alone is true Swaraj. For self-government can only exist where government itself exists.

The step towards a solution which now holds the field is a free conference between the representatives of India on the one side and of Great Britain on the other to consider how far and how rapidly responsibility for Indian government can be transferred to Indian shoulders without imperilling unity and constitutional government in India itself. If this step is to be successful the essence of the case is that the negotiations should be on a basis of equality, and that Indians should share equally with Great Britain the responsibility for reaching or failing to reach an agreement as to what the next step in Indian constitutional development should be. It is no longer a question, as we see it, of Great Britain listening to Indian representations and then deciding for herself what the next Indian constitution should be. Nor is it a question of Indian statesmen trying to bargain and refusing to assume responsibility unless they get all they ask for. The core of the roundtable idea is that representative Britons and representative Indians should endeavour to reach an agreement, on the understanding that if they can reach an agreement, each will loyally carry it through to completion, as was the case with Ireland in 1922.

In approaching this vital conference what is the responsibility of each side?

#### V. THE RESPONSIBILITY OF INDIA

THE responsibility which rests upon India is mainly a matter for Indians to decide, and we shall say little about it. But speaking broadly it falls into two divisions. On the one hand, India has to reach an agreement within herself—an agreement between Hindus, Mahomedans, Sikhs, non-Brahmins, Indian Princes, and other elements as to how they are to work together to govern, defend, and develop their common country. On the other hand, India has to develop the political organisms—the party structures so lucidly described by Ostrogorski in his monumental history of parties-which alone will enable her to discharge the function of government in a constitutional manner without destroying peace, the liberty of the subject, and all chance of rapid improvement in the economic condition of the people. If and when she can do these two things India will have travelled most of the way to Dominion status. But it will only be preparing tragedy and disaster for her own helpless citizens if she tries to break down the present structure of Indian unity and government before she has accomplished these things for herself. It is often and rightly said that India will develop her own characteristic institutions. That is perfectly true. But there is all the difference between a form of government, which ensures freedom of speech, freedom of political propaganda and freedom of assembly, as well as unity, peace, and the reign of law, and a form of government which rests upon the suppression of individual freedom through the use of naked violence against all who dissent from the political views of the dominant group, as in Russia and Italy to-day, or anarchy and loss of union as in China.

The real difficulty is that what political India is asking

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The Responsibility of India.

to-day is that it should administer the system of government created by the British-that is to say, that Indian politicians should be put in charge of the levers which control the action of a machinery of government which has rested hitherto on the prestige and power of Great Britain. That is possible for a short while. But directly the power and prestige of Great Britain are withdrawn from any field of responsibility the structure of government based upon Great Britain will also dissolve in that sphere, unless an equivalent source of power, prestige, and impartiality arises within India herself to take its place. This was what happened after the overthrow of the Tsardom in Russia, when the constitutional regime of Kerensky gave way to the despotism of the Soviets, and after the overthrow of the Manchus in China, when the Parliamentary regime rapidly dissolved into a number of Tuchunates, so that to-day, nearly twenty years later, after unparallelled sufferings, the nationalist enthusiasm of the Kuomintang has failed to create a stable foundation for government in China. The real task before India is not to get rid of the British Raj, for the maintenance of the British Raj contrary to the will of the Indian people would be foreign to the modern spirit of democratic England. Indeed, the greatest danger to India to-day is that Great Britain may become too ready to throw off her responsibility and to leave India to "stew in her own juice." The real task is to create the alternative Indian organisation and power which will be able to maintain peace, order, honest finance, and unity among the varied peoples, races, religions, princes, and frontiersmen who comprise the Indian people. And the first step towards this is that Indians should assume the actual responsibility for a large part of Indian government, and demonstrate their capacity to maintain themselves in power and to carry on a just and efficient administration, before the steadying hand of Britain is wholly removed.

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#### VI. THE RESPONSIBILITY OF GREAT BRITAIN

TT is not so easy to define the responsibility of Great Britain in India to-day. The tendency at the moment in England is to emphasise her function in maintaining unity and order in India. We think it not less important to emphasise her obligation to help Indians to take the maximum responsibility for India's government on to their own shoulders, and to insist on their doing so, not only because it is a right thing in itself, but because it is the most certain antidote to the real danger of anarchy which threatens India unless Indians do learn to carry responsibility for government at a very early date. There is less risk in going too fast in agreement and co-operation with political India than in going at a more moderate pace without its agreement and co-operation. Indeed, in our view, the most successful foundation for the Round-Table Conference would be that Great Britain should ask the Indian delegates to table agreed proposals and then do her utmost to accept them and place on Indian shoulders the responsibility for carrying them into effect.

None the less, so long as Britain is responsible for government in India at all, there is a limit beyond which she cannot go consistently with her duty as regards the wellbeing of the 300,000,000 villagers who still look to her for protection, and it is essential that, in so far as she has responsibility, she should also have the power with which to discharge that responsibility. What is that limit?

So long as Great Britain has any responsibility for good government in India she cannot allow the frontier to be breached by any foreign Power; she cannot allow the Mahomedan-Hindu feud to develop into organised and armed violence; she cannot allow British India to moles the Indian States or the Indian States to invade Britis and she cannot witness, unmoved, a complet break-down of government. Moreover, so long as she!

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## The Responsibility of Great Britain

responsible for preventing these things from happening, she must have at her disposal the resources necessary to enable her to discharge these functions effectively.

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There, so far as we can see it, are the limits of Britain's responsibilites. Where the exact line can be drawn, both in the provincial and the central sphere, is the main question which the Round-Table Conference will have to discuss. The essence of the case is that the line where British responsibility ends and Indian responsibility begins should be clearly defined. That line may be changed from time to time. But it must not be blurred. When Indians are ready to take all responsibility into their own hands the British Raj will be at an end. Until they do so, in some form or other, British responsibility in India will and ought to continue. Nothing could be more fatal than that there should be any doubt as to what Great Britain is responsible for, or any suspicion that, within her sphere, she is unable to make her authority prevail. Recent events on the frontier have made that clear. The success of the Round-Table Conference is likely to be proportionate to the vigour and success with which Great Britain stamps out the present disaffection on the frontier.

Why is this so? It is not because of any divine right in Britain to govern India. It is simply because, at the moment, the facts bind Britain and India as colleagues in a common human task, and because the failure of Britain to discharge her share of the responsibility, no less than failure on the part of India to fulfil her share of the responsibility, must spell one of the greatest tragedies of history. Great Britain, from her far wider political experience in world affairs, cannot help realising that the task of maintaining unity, peace, and progress towards self-government in a country as large and as divided as India is far more difficult, and the dangers of failure far more disastrous, than the average Indian Nationalist, Hindu or Mahomedan, usually realises. All history shows how long and arduous is the road from the discernment of the ideal to its realisation in practice.

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The French revolutionaries of 1789 destroyed the ancien régime, but they were unable to create any stable govern. ment in its place, with the result that anarchy and the guillotine were followed first by the despotism of Napoleon and then by the return of the Bourbons, and France did not become a democratic republic until 1870. The destruction of the Roman Empire was followed by centuries of chaos and barbarism. The Soviet Government was only established; and has only maintained itself in power, by the exercise of a violence against all who disagree with its teachings and a destruction of individual liberty unparalleled in modern history. The pages of the vernacular press in China are choked day by day with lamentations about the famine, drought, floods, brigandage, and civil war which stalk through the land destroying the people, with no apparent hope of ending them in the near future.\* The comparison often drawn between India and the United States, the Dominions, or Ireland is valueless simply because in every case when the demand for Dominion status arose, the number of inhabitants did not exceed 10,000,000, and in most cases they were more or less homogeneous in race and language, and had no external dangers to fear.

\* The following extracts are taken from the Ta Kung Pao, the I Shih Pao,

and the Shih Shih Hsin Pao of recent dates:

"A Famine Report on Shensi states that the whole district of Fu Feng has not more than 160,000 inhabitants, and of these 50,000 are dead and 30,000 have fled; in the country 80 or 90 per cent. of the houses have been destroyed, and in villages which formerly housed 80 or 90 families, only three or four now remain; the number of children drowned and abandoned is appalling."

"Life is only safe in the large towns; outside these there is little security; the upper and middle classes manage to exist, but not the lower classes; where the scourge of natural calamities and brigands is exceptionally severe life is hell, one fourth of China's population—100,000,000—are living on the brink of death; half the population can just eke out a living, taking no though for the morrow; the remaining fourth residing in the towns can manage

to live in comparative comfort and nothing more."

"Famine is rampant, and we are crushed by cruel taxation; the interruption of communications is responsible for diminished production; the people are without food, the countryside is littered with the corpses of the victims of starvation, and bandits infest the whole country. We are living in an age of anarchy."

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## Mahatma Gandhi and Non-co-operation

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No doubt to the Indian enthusiast for Swaraj these doubts and hesitations on the part of Great Britain seem like the machinations of a Power which is only bent on manœuvering to keep its own control. But that is not true. They are due to the fact that long political experience has brought home to her how much more difficult and dangerous is the task of preventing race, religious, caste and other divisions from reducing a country to chaos during the transition to self-government than those who are tasting the wine of political freedom for the first time usually realise.

#### VII. MAHATMA GANDHI AND NON-CO-OPERATION

CIDE by side with this responsible conviction in Great Britain that she cannot, by anything she leaves undone, plunge India into chaos and disaster, must be placed perhaps the most characteristic of India's contributions to the solution of her own problem. In some measure progress towards self-government in India has followed the traditional path. The political classes constitute but a tiny fraction of the whole population. They include Moderates who wish to move forward along ordinary constitutional lines, extreme Nationalists, who wish to copy the Irish or Russian model, and hack their way to power by violence, and various minorities who are less concerned with the speed of constitutional advance than with gaining security for their own rights and position in a self-governing India. Below these are the overwhelming mass of the people almost wholly ignorant of and indifferent to anything but their personal and village affairs.

But the best known symbol of national sentiment in India since the war has been Mahatma Gandhi, an undoubted saint, who has probably had more to do with rousing the self-respect and political self-consciousness of India than any other factor, and who, though he may

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not be a statesman in the Western sense of that word has given a character to the nationalist struggle which has aroused widespread interest throughout the world. estimate of the Indian problem is incomplete which does not take into account the power of Gandhi's ideas. There is no space in this article to estimate his searching criticism of the materialism of Western civilisation, or the various ways in which he is trying to purify Indian thought and custom, abolish untouchability and child marriage, restore self-respect and independence to the Indian people, rescue the purity of ancient Indian philosophies and religions from the superstitions and idolatries by which they have become encrusted, or to find the relationship which should exist between a regenerated Orient and an Occident purified from war and the lust for money and power. All these things can be studied in Mr. C. F. Andrews's book, Mahatma Gandhi's Ideas.\* For the purposes of this article, however, it is necessary to understand the nature of his philosophy of non-violent non-co-operation, because it is closely akin to similar movements among Lollards, Quakers, Nonconformists and other idealist minorities in British history, and because, in so far as it prevails, it distinguishes the revolutionary movement in India from practically all others which have preceded it outside Great Britain.

Until after the war Mahatma Gandhi was a loyal, indeed an enthusiastic, supporter of the British constitution and the British connection with India. Thus, writing before the Amritsar incident took place, he said:

Hardly ever have I known anybody to cherish such loyalty as did to the British Constitution. . . . Not that I was unaware of the defects in the British rule, but in those days I believed that the British rule was on the whole beneficial to the ruled. . . . . It is my know ledge, right or wrong, of the British Constitution which has bound me to the British Empire. Tear that Constitution to shreds; and

<sup>\*</sup> Mahatma Gandhi's Ideas, by C. F. Andrews. (Published by Allen Unwin.)

## Mahatma Gandhi and Non-co-operation

my loyalty will also be torn to shreds. On the other hand, keep it intact and you hold me bound unreservedly in this service. The choice has lain before us, who are Indians in South Africa, either to sunder ourselves from the British Empire or to struggle by means of passive resistance in order that the ideals of the British Constitution may be preserved—but only those ideals. The theory of racial equality in the eyes of the law, once recognised, can never be departed from; and its principle must at all costs be maintained—the principle, that is to say, that in all the legal codes which bind the Empire together there shall be no racial taint, no racial distinction, no colour disability.

It was the Rowlatt Act, the Allied policy towards Turkey, and, most of all, the Amritsar tragedy which turned him into a determined opponent of the British Raj. His reasons can be best studied in a letter which he wrote to an English friend to justify the non-co-operation movement in 1921.

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I wish that every Englishman may see this appeal, and give

thoughtful attention to it.

Let me introduce myself to you. In my humble opinion no Indian has co-operated with the British Government more than I have for an unbroken period of twenty-nine years of public life in the face of circumstances that might well have turned any other man into a rebel. I ask you to believe me when I tell you that my cooperation was not based upon the fear of the punishments provided by your laws or any other selfish motives. It was free and voluntary co-operation, based on the belief that the sum total of the British Government was for the benefit of India. I put my life in peril four times for the sake of the Empire: at the time of the Boer war, when I was in charge of the ambulance corps whose work was mentioned in General Buller's dispatches; at the time of the Zulu revolt in Natal, when I was in charge of a similar corps; at the time of the commencement of the late war, when I raised an ambulance corps, and as a result of the strenuous training had a severe attack of pleurisy; and, lastly, in fulfilment of my promise to Lord Chelmsford at the War Conference in Delhi, I threw myself in such an active recruiting campaign in Khaira district, involving long and trying marches, that I had an attack of dysentery which proved almost fatal. I did all this in the full belief that acts such as mine must gain for my country an equal status in the Empire. So last December. I pleaded hard for a trustful co-operation. I fully believed that Mr. Lloyd George would redeem his promise to the Mussulmans, and

that the revelations of the official atrocities in the Punjal would secure full reparation for the Punjabis. But the treachery of Mr. Lloyd George and its appreciation by you, and the condonation of the Punjab atrocities, have completely shattered my faith in the good intentions of the Government and the nation which is supporting it.

But, though my faith in your good intentions is gone, I recognise your bravery; and I know that what you will not yield to justice

and reason you will gladly yield to bravery.

See what the British Empire means to India:-

(1) Exploitation of India's resources for the benefit of Great Britain. (2) An ever-increasing military expenditure and a Civil Service the most expensive in the world. (3) Extravagant working of every Department in utter disregard of India's poverty. (4) Disarmament and therefore emasculation of a whole nation lest an armed nation might imperil the lives of a handful of you in our midst. (5) Traffic in intoxicating drugs and liquors for the purpose of maintaining a top-heavy administration. (6) Progressively repressive legislation in order to suppress an ever-growing agitation seeking to express a nation's agony. (7) Degrading treatment of Indians residing in British Dominions. (8) Total disregard of our feelings by glorifying the Punjab Administration and flouting the Muhammedan

I know you would not mind if we could fight and wrest the sceptre from your hands. You know we are powerless to do that; for you have ensured our incapacity to fight in open and honourable battle. Bravery on the battlefield is thus impossible for us. Bravery of the soul still remains open to us.

It is clear that the first element in Mahatma Gandhi's ideas is a demand for responsibility and not tutelage.

The second element in his political philosophy is nonviolence. Here also it is best to quote his own words. The idea of passive resistance or non-co-operation

is (he says) as old as the human race. Jesus Christ, Daniel, and Socrates represented the purest form of passive resistance or soul force. All these teachers counted their bodies as nothing in comparison with their souls. . . . "Resist not evil," means that evil is not to be repelled by evil but by good. . . . Passive resistance thus understood is infinitely superior to physical force, and while it requires greater courage than the latter . . . the methods adopted in order to secure relief are equally pure and simple. Violence in any shape or form is entirely eschewed. Self-suffering is the only

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true and effective means of securing lasting reform. The passive resisters endeavour to meet and conquer hatred by love. They oppose the brute or physical force by soul force.

The core of Mahatma Gandhi's political teaching is this doctrine of non-violence. He first applied it, and applied it successfully, in South Africa. He has consistently endeavoured to build the nationalist movement in India upon it ever since. He uses it against Indian social oppression as well as against the British Raj. He called off the non-co-operation movement of 1920-22 because it degenerated into violence. He fasted for twenty-one days in 1924 as a protest against Hindu-Moslem violence. He has based the present movement of civil disobedience entirely upon his doctrine that to succeed in bringing about Swaraj the non-co-operator must refrain altogether from violence, for nothing short of that discipline and selfsacrifice will produce the character capable of governing itself, or break or overcome the race and colour prejudices and communal tension which hinder Indian unity and selfgovernment.

The Indian movement for Swaraj therefore differs from most of those which have been known elsewhere by this element of non-violent non-co-operation. does not mean that there are not many believers in violence. A section of the Indian National Congress undoubtedly bases its programme on Russian or Irish experience. It is doubtful if non-violence makes much appeal to the Mahomedan mind. Experience shows that non-co-operation has repeatedly led to violence. Mahatma Gandhi admits that it is doubtful if India herself is yet ready to practise non-violence, and that if she degenerates into the use of violence she is not ready for self-government. None the less, Satyagraha is a vital and fundamental element in the Indian situation, which it is possible for Great Britain to sympathise with and understand because, in one form or other, it has played no small part in the history of British liberty.

#### The Crisis in India

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To the British mind the limitation of the doctrine is that, while passive resistance has frequently proved a success. ful and satisfactory method of remedying injustice of righting wrong, it is not in itself a system of government, If government is inflicting injustice, passive resistance may be the best method of forcing it to desist. But government is an activity. It is like building a house, or working a railway, or ploughing and reaping a field. Self-government is not merely or mainly the stopping of the British Government from governing India; it is the doing of the dayto-day work of government, without which the children will not have their milk, or the adults their food, or the community the peace and security without which it cannot go about its daily work. It is in this respect that to British minds the non-co-operation movement has failed. It seems to refuse to assume any responsibility for government in India unless almost complete power is placed in its own inexperienced hands. The most conspicuous instance was only last November, when a real opening for an immense step forward by agreement was produced by the Viceroy's pronouncement on Dominion status and the Round-Table Conference. Yet Mahatma Gandhi refused to co-operate unless the issues of the conference were prejudged, and then made a move towards anarchy and revolution by demanding immediate independence and starting civil disobedience as a method of enforcing his demand.

In this there has appeared to be a lack of true statesmanship, and Mahatma Gandhi's position seems in striking contrast to that of Jesus of Nazareth in similar circumstances. In many respects Jesus was a revolutionary. He denounced the corruption of the Pharisees and the social evils of His time in unqualified terms. He did so at a time when a Jewry was in a ferment over the loss of its independence and its subjection to Roman rule, and had plunged into rebellion after rebellion in a frenzied effort to throw it of He was executed for stirring up the people. Yet, when some Jewish non-co-operators came to Jesus and asked Him

Mahatma Gandhi and Non-co-operation

whether it was right to pay tribute to Cæsar, He replied: "Render therefore unto Cæsar the things which are Cæsar's, and unto God the things that are God's." He cannot have thought Roman rule perfection in the light of His experience of Herod, whom it protected. Yet He seems, with the insight of supreme statesmanship, to have recognised that the spiritual regeneration of humanity could best be accomplished within the structure of unity, peace, and law created by the Roman Empire rather than through the chaos which would follow its The early Christians do not appear to have realised the significance of this saying. Many of them objected to co-operating with the Roman Empire. Many more retired from active life into "other worldliness." In due course the Roman Empire, instead of being purified and liberated by the courage, intelligence, and character of true Christians, fell into disruption and collapsed, and barbarism and violence swept once more over the world for a thousand years.

The policy of mere non-co-operation in India is bound, if carried to its logical conclusion, to produce exactly the same results. It is surely not beyond the power of wisdom to find a basis for co-operation between the best traditions of the British constitution and the nobler Indian elements which Mahatma Gandhi represents, so that India can progress rapidly towards Swaraj by constitutional and responsible and non-violent means. For in the last resort constitutional responsibility and non-violence are

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The root of the difficulty would seem to turn on the meaning of the word "responsibility." To the British mind no government can honestly carry out a policy for the consequences of which it is not willing to accept responsibility. If another policy is to be followed, those who advocate that policy must be prepared to assume responsibility for that policy and for its consequences. Thus in the case of all the reforms required by Mahatma

#### The Crisis in India

Gandhi and his friends, for instance, those mentioned in the letter already quoted, the essence of the case is that the Congress party should be able to obtain a majority for reforms which it advocates and should be willing to assume responsibility for conducting the government and for maintaining law and order and decent administration while it is carrying them into effect. That is self-government. It is not responsibility to demand that the British should carry reforms into effect as a condition of co-operation, just as it is not full responsible government if the British, while asking for co-operation, refuse to give the majority of the legislature the opportunity of conducting the government and carrying through reforms which they themselves are not prepared to put into effect.

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It may be said that the Government of India has hitherto been unwilling or constitutionally unable to give responsibility to Indian majorities in the legislatures in certain spheres, and that non-co-operation, even in the transferred sphere, has therefore been justified. Whether this be so or not, the real test is going to come now, for the Simon Commission has proposed that full responsibility for government should be handed over to the legislatures in the provinces, which will give the majority complete power in most of the fields of government which are the most important from the standpoint of the progress of the Indian people. Irrespective of what may be decided, therefore, about the central government, India can now assume responsibility for provincial government, and will be free to carry out much-needed reforms in that sphere. Mahatma Gandhi advise his followers to accept that responsibility? The answer will decide whether the saint is also the statesman.

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VIII. THE EVENTS OF THE LAST YEAR

S is usual in times of crisis, events have moved rapidly In recent months. A year ago Lord Irwin, the Viceroy, came to the conclusion that the estrangement between British and Indian opinion had gone so far that there was little hope of obtaining fair consideration for the proposals of the Simon Commission or of preventing the launching of the campaign of non-violent non-co-operation announced by Mahatma Gandhi and the Indian National Congress for January unless there was some striking manifestation of Great Britain's determination not to resist but to speed the movement for Swaraj. Accordingly he came home and obtained the consent of the British Government to his making a formal statement that Dominion status was the "natural issue" of the Pronouncement of 1917 and that a free Round-Table Conference would be held in London, after the Simon Commission's Report had been published, between delegates representing all sections of political opinion in India and the British Government to consider how the Constitution of 1919 was to be amended. This consent was given after consultation with the leaders of the Conservative and Liberal parties, who expressed some misgivings as to the wisdom of making any statement at all in anticipation of the Simon Commission's Report. The Viceroy's judgment was amply vindicated at first because the pronouncement produced an almost universal response from all parts of India. High hopes were entertained that the chief misunderstandings had been removed, and that the Round-Table Conference would be attended by all sections of Indian opinion.

These hopes were disappointed in the event. Mahatma Gandhi and the Congress leaders held a meeting at Dehli at which it was agreed to postpone the inauguration of civil disobedience on January 1, but only on the understanding

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that the Round-Table Conference was to meet, not to consider how far an approach to Dominion status could be made, but to draw up a Dominion constitution. This statement from the most highly organised political party in India led to the public expression in Parliament of misgivings on the part of Conservative and Liberal leaders. They said that while they did not dispute that Dominion status was the "natural" issue if would be fatal to permit the impression to grow up that the Round-Table Conference was being summoned to draw up a Dominion constitution, or to allow the Indian delegation to leave India under that impression, as it would inevitably result in charges of bad faith when the Conference met. The Government made it clear that it in no way wanted to side-track the Simon Commission, and that pending the publication of its Report its policy was unchanged.

After further consideration Mahatma Gandhi and the Congress leaders informed the Viceroy that, inasmuch as the Round-Table Conference was not summoned to draw up a Dominion constitution, they could not, in view of the Congress resolution already quoted, co-operate by attending it. On December 26 the Indian National Congress assembled at Lahore and adopted a resolution in favour of immediate independence, and authorised Mahatma Gandhi to commence a campaign of non-violent civil disobedience in order to give effect to this demand at such time and under such conditions as he might consider advisable. April 6 this campaign was inaugurated by the violation of the salt laws by the Mahatma himself at Dandi. results have followed the familiar course. Non-violent breaches of the law led inevitably to arrests of the law. breakers, to riots, to violent breaches of the law, to lathi charges by the police, to shootings, to more arrests, and to the embitterment of feeling and opinion all round. At the moment the situation is quieter, but civil disobedience still continues, and most of the leading Congress leaders, including Mahatma Gandhi, are in prison.

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Historians will doubtless dispute endlessly as to whether Lord Irwin was right in making the announcement which brought the words "Dominion status" to the front of the political stage before the Simon Commission had reported, and whether Mahatma Gandhi helped or hindered the movement for Swaraj by refusing co-operation with the Round-Table Conference and launching a new campaign of non-violent civil disobedience. Apologists for Lord Irwin declare that, if he had not made the pronouncement, the campaign of civil disobedience would not only have been launched on January 1, but would have had the support of all classes of the community, including Liberals and Moderates, and that it has been his insight and courage which have alone kept the door open for constitutional and not revolutionary advance. It is certainly true that Lord Irwin has, in a quite exceptional degree, won the confidence and respect of all classes of the Indian community by his sincerity and deep religious conviction. His critics take the view that the non-co-operators have always intended to proceed by the revolutionary road and have manœuvered Lord Irwin first into a "defeatist" position and then into that policy of "repression" which best paves the way to

We do not propose to enter into this controversy, for what is important is not the "might have beens," but whether the Round-Table Conference, which is the main fruit of Lord Irwin's policy, can produce that co-operation between Great Britain and India which is the only peaceful road to Swaraj.

#### IX. THE NEXT STEP

A T the time of writing it is by no means certain whether a delegation representative of all political groups in India can be collected, or whether the Conference itself, in any authoritative form, will be held at all. Already, however, the discussions of the last few weeks have resulted in a

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noticeable increase of understanding, and a properly con ducted Round-Table Conference ought to narrow very considerably the field both of suspicion and of disagree. ment. From this point of view there is much to be said for enlarging the British delegation so as to include not only all parties but representative elements of all parties. Britain and India are to co-operate during the next stage of India's progress towards Swaraj and to avoid the tribulation of Russia and China, it will not be because a few experts meet together in secret conclave, but because some understanding of the problem and of each other's attitude to the problem has become widespread both in India and in Britain. There is much, indeed, to be said for opening the proceedings with a public second-reading debate, in which all shades of opinion can find expression, before

going into private committee for negotiation.

For as yet no agreement even on fundamentals is in sight. Speaking very broadly, the Simon Commission has proposed that the next step forward should be complete autonomy, including responsibility for law and order, in the provinces, while a strong government is to be maintained by Great Britain at the centre, subject to such influence as can be brought to bear upon it by a large Legislative Assembly elected by the provincial legislatures. That is a proposal which commends itself naturally to British opinion as providing for a practical advance towards responsible Government, while protecting India during the transitional stage from a complete breakdown of unity and government. But it has been almost unanimously rejected in India. and has been subjected to some formidable criticisms elsewhere. It has been argued, for instance, that in practice it is no more possible to combine complete responsible government in the provinces with acvigorous even if benevolent, British autocracy at the centre than it has always proved to be to combine an elected legislature with an irresponsible executive. The Government of India, say these critics, when faced by some 250 members.

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representative of legislative councils which are themselves fully responsible for provincial government, instead of being strong would be so weak that it could only acquire authority by itself becoming responsible to the legislature. Those who take this view believe that, if there is to be a great extension of responsibility in the provinces, there must also be a considerable extension of responsibility at the centre too, partly because Indian opinion will insist upon it, and partly because the structure of government in India is such that it will not function at all unless the central and the provincial governments are working with confidence in, and in co-operation with, one another. This indeed is the view, so far as it can be said to have a common view, of the Indian Central Committee which proposed autonomy in the provinces and dyarchy in the centre.

enter upon a discussion of the future constitution of India. That is the business of the Round-Table Conference itself. We would only urge once more the two leading ideas which have been set forth in this article. The first is that, in the long run, the remedy for the present misunderstandings between Great Britain and India is the assumption of responsibility for government by Indians themselves. That is the element which is missing to-day. Neither conferences, nor conciliatory and sympathetic speeches, nor phrases about equality and status, will avail to remedy that defect. The remedy, the only remedy, is responsibility, for only through experience will Indians begin to understand what self-government really implies.

The second is that, wherever the line be drawn, it must define beyond all possibility of dispute, where the lines of British and Indian responsibility respectively begin and end, and must ensure that each element has the power and the means to make its responsibility effective in its own sphere. It is the first principle of government that both rulers and ruled should know exactly where responsibility lies. Nothing would be more fatal than that Indians

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should not be made to carry full responsibility in their allotted sphere, or that Great Britain should be unable to do her work effectively in her allotted sphere.

For the rest, we can only plead for tolerance and good will and common sense on both sides. India and Britain are engaged in the most tremendous experiment in history, Each has its own contribution to make to the solution of the problem. Neither can solve it without the co-operation of the other. Before the "natural issue" of Dominion Home Rule is reached, profound changes will have to come about in India in the attitude of her peoples, not only to Britain, but towards one another. India will have to throw up types of leaders such as she has never known in the past. Britain also will have to produce men and women who know how to guide by advice and expertness and enthusiasm for Indian progress, as well as by the exercise of authority from above. No such opportunity has ever before opened before Indians and British, for only by a great piece of joint constructive work will it be possible to avoid a disaster in Indian government and to bridge that gulf between East and West which may eventually lead to a world conflagration unless it is spanned by understanding and co-operation in the practical work of the world.

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#### I. THE BALFOUR REPORT

TO compare the British Empire with the League of Nations has now become a commonplace of political writing, and the analogies drawn are unquestionably sound, in so far as they emphasise the fact that in both societies all positive common action must rest upon unanimous and voluntary agreement. But the analogy fails when we pass from the principle which governs action to the means by which this principle is realised. In the Council, the Assembly, and the Secretariat the League has regular organs charged with definite functions and responsibilities. The British Empire has no such common organs, or at least none that correspond to the political realities of the present day. The old organs still exist in the prerogative of the Crown and the supremacy of Parliament, but it is agreed that these can no longer be used for the purposes which they originally served. How, then, are they to be replaced? There is negative agreement upon the fact that a federal constitution is not politically possible, but there is no agreement, and indeed there has been but little recent discussion, upon the form of any new institutions for giving expression to the political principles upon which the Empire is now declared to be based.

In the long run the forms of law and the institutions of government must adjust themselves to the political facts of any given society. In the British Empire this process

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of adjustment is far from complete, and perhaps it has scarcely begun. The 1926 Conference showed that it was possible to arrive at an agreed statement of the political facts. It may be that this agreement was only made possible by a draftsmanship which deliberately aimed at embracing widely different doctrines of Imperial relations, but unity in essentials is compatible with wide divergences in doctrine, and the achievement of unanimity was an event of the first importance. In necessariis unitas, in dubiis libertas, in omnibus caritas, is as sound a principle in politics as it is in theology.

The chief points of the 1926 Report may be shortly summarised. They are that Great Britain and the Dominions are equal in "status," that they differ in "function," and that in particular the mother country must bear the chief responsibility for the conduct of foreign affairs and of defence. These are, it is now agreed, the political realities of inter-Imperial relations, and to these realities the forms of law and government must ultimately conform.

But beyond the formulation of this agreement it was impossible for the Conference to go. No attempt was made to provide for any institutions through which these principles might find expression, and the Conference expressly disclaimed the task of drawing up a "constitution" for the British Empire. For such a task it had neither the time, the inclination, nor the competence. At the same time it fully recognised that its own work could not be regarded as the last word on inter-Imperial relations. The Report was only to be "a foundation on which subsequent Conferences may build." If we may now agree that the foundations have been well and truly laid it does not seem premature to suggest that after four years the time has come to consider the design of the building.

For the guidance of the architects the Report offers two suggestions, one very vague, and the other somewhat more definite. Throughout the Report there runs a stead

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insistence upon the need for frequent consultation as the means of securing that voluntary agreement upon which the maintenance of unity must now depend. It is fully recognised that this need cannot be met either by longdistance communication or by the rare meetings of Imperial Conferences, and "closer personal touch" becomes essential, both "between Great Britain and the Dominions and the Dominions inter se." But it was quite impossible for the Conference of 1926 to sketch even the barest outline of a definite plan. All it could do was to pass a general resolution emphasising the need for further development, and adding that "the manner in which any new system is to be worked out is a matter for consideration and settlement between His Majesty's Governments in Great Britain and the Dominions, with due regard to the circumstances of each particular part of the Empire." The suggestion is very vague, but nothing more could be done at the time. To the consideration of this problem we must return, for in the countless commentaries that have been written upon the Report its importance has scarcely been recognised, and so far no action of any kind has been taken upon this resolution.

The other suggestion is more definite, and has led to action which will seriously engage the attention of the forthcoming Conference. It was recognised that in certain specified matters the present law is no longer in harmony with the political principles as laid down in the Report. As things stand, Dominion legislatures do not in fact enjoy entire liberty of action, even in relation to their own internal affairs. The Colonial Laws Validity Act of 1865 forbids them to repeal or amend any Imperial statutes which extend to thein, and there is an ill-defined legal doctrine to the effect that they are incompetent to legislate for events that occur outside their own territories. Although the precise extent and even the existence of this principle are a matter of much dispute among lawyers, it is sufficiently active to prove a serious obstacle to the freedom of Dominion

legislative activity. Furthermore, various statutes require that certain kinds of Bills must be "reserved" for the approval of the home Government, and the Crown in England has a general power of disallowing any Dominion legislation, although it is now many years since this power was last exercised. Finally, in the very important matter of merchant shipping and admiralty law it is only possible for the Dominions to legislate within the very narrow limits defined by Imperial statutes. They cannot even make what laws they please for their own ships and their own territorial waters.

It was agreed that the survival of these legal restrictions has now become an anomaly, but a political Conference possessed neither the leisure nor the expert knowledge which would have enabled it to suggest the necessary amendments in the law. The Report therefore proposed the appointment of an "Expert Committee" and a "special Sub-Conference," which should be charged with the duty of making definite recommendations to the next Conference.\* These two bodies were ultimately constituted as a single "Conference" which met in London in the autumn of 1929 and presented its report† in January. Its recommendations are of the first importance, and they have been the subject of severe criticism, so that no apology is needed. for considering them at some length. An exhaustive analysis would engage us in arguments suitable only for the pages of a legal review, but in the notes which follow an attempt will be made to detach the points of general interest from the purely legal and technical questions with which they are involved.

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<sup>\*</sup> The "Sub-Conference" was to deal with shipping law, and the "Expert Committee" with the other legal problems.
† Cmd. 3479.

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II. THE CONFERENCE ON DOMINION LEGISLATION AND MERCHANT SHIPPING

DERHAPS we may begin with a word upon the composition of the Committee.\* The proposal of the Imperial Conference was that it should be "expert," but this suggestion was not carried out in full, and in the Committee's own reference to the source of its authority the word "expert" is silently omitted. The delegates included several distinguished lawyers from all parts of the Empire, but each delegation, except the Australian, was headed by a political leader. Probably this was inevitable. The proper work of the legal expert can only begin where that of the statesman ends, and the instructions of the Imperial Conference were too vague to give the lawyers the necessary guidance. As matters stood, it was quite impossible to separate questions of drafting from large questions of policy, and it was necessary for the statesmen to keep a close watch over the political implications of the proposed legal texts. In the result the Report of the Committee is rather a continuance of the main work of the 1926 Imperial Conference than a subordinate and specialised study. Indeed the description of the Committee as a "Conference" is essentially accurate, since the various delegations were controlled throughout by instructions from their respective Governments. The original idea of an expert report was thus tacitly abandoned. The real value of an expert report lies in the fact that it expresses the personal opinion of the distinguished specialists who prepared it. But circumstances forced the lawyers on the Committee into the position of expert advisers to their respective delegations, so that the recommendations represent rather a political agreement than a consensus of technical opinion.

<sup>\*</sup> It is officially described as the "Conference on the Operation of Dominminion Legislation and Merchant Shipping Legislation, 1929." In orderto avoid confusion, it seems better in this article to refer to it as "the Committee."

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To say this is not to censure the Report, but to understand it. Indeed it helps us to defend the Committee against the charge that they have been too "legalistic." criticism which obtained some prominence in the press when the Report was first published. Whether or not we are wise in attempting to smooth out the legal inequalities within the Empire may be a debatable question, but it is a question which has been definitely decided, in so far as certain subjects are concerned, by the Conference of 1926. That decision, whether it be right or wrong, was political and not legal, and the duty of the Committee was to translate the decision into definite legal terms. only test by which it can fairly be judged lies in the conformity of its recommendations to the principles laid down in 1926. If those principles themselves are to be questioned, this can only be done in the next Imperial Conference or in the Parliaments of the Empire. Meanwhile it is clear that the Report of the Committee, like that of the last Conference, is essentially a political rather than a legal document, and it is by political standards that it must ultimately be judged.

In so far as the published criticism has been directed to matters of draftsmanship it raises questions which are too technical for discussion here. Undoubtedly the proposed changes in statute law will need to undergo a more searching scrutiny before they can be finally accepted but in fairness to the lawyers it must be remembered that they were not masters in their own house. The enunciation of abstract political principles is comparatively easy. Their translation into precise terms of positive law present almost insuperable difficulty.

Before passing to consider the specific recommendations it is well to recall the precise nature of the terms of reference. It was no part of the function of the Committee work out the principle of "equality of status" in full legal detail. That famous formula presents the same kind of practical difficulties as the international formula of the

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"equality of States." It will be remembered that South American insistence on the full logical implications of the doctrine of equality of States wrecked the proposal to create a Permanent Court of International Justice at the Hague Conference of 1907, and the unqualified application of our imperial formula similarly involves obvious dangers. As the Report of 1926 is careful to point out, the doctrine of equality of status is merely intended to describe "the negative relations in which Great Britain and the Dominions stand to each other," and for this reason it can only "express a portion of the truth." These passages have not always received the attention which their importance demands. In practice, equality means that there is to be no interference and no coercion on the part of the Parliament and Government in Great Britain. For the maintenance of this principle there is no need to make express legal provision, since its observance is essentially a matter of political understanding.

The chief function of the Committee was therefore to consider the enlargement of the powers of Dominion legislatures in respect of certain matters in which the present restrictions upon their competence have proved to be practical grievances. Except in relation to the rules governing disallowance and reservation no legal limitation of Imperial power is suggested, and upon these points the proposals touch only the executive discretion of the Crown, not the supremacy of the Imperial Parliament. In other words, the process is to be one of levelling up rather than of levelling down, and it is limited to the specified matters comprised within the terms of reference.

We are now in a position to summarise the actual recommendations, in so far as this can be done without entering into legal-technicalities and the details of draftsmanship.

#### The Specific Recommendations

In the first place, it is recommended that the power of disallowance should be abolished in favour of those

Dominions who may desire this to be done. In certain cases this can be effected within the Dominion by local amendment of the constitution, in other cases only by Imperial legislation, the wishes of the Dominion concerned being the deciding factor in either case. The special case of legislation affecting trustee securities under the Colonia Stock Act of 1900, is admitted as a solitary exception to the general principle. Since the power of disallowance has no been actually exercised since 1873 it is clear that the sug gested alteration of the law is a matter rather of form than of substance.

Similar recommendations are made with regard to the reservation of Bills for the Royal Assent. Here again the interest of the proposed changes is probably more theoretical than practical. The discretionary power of reservation vested in the Governor-General may now be regarded as wholly obsolete in practice, and there is no modern exampl of the Royal Assent being refused to a Bill the reservation of which is required by statute.

The question of what is called "the extra-territoria operation of Dominion legislation" raises considerabl technical difficulties, the whole problem being envelope in much legal uncertainty. The substantial recommenda tion is that the restriction, whatever it may be, should be abolished altogether, so that the Dominion legislature will have the same freedom as the Imperial Parliament legislate for all matters, both civil and criminal, that me take place beyond their own frontiers.

No limitation upon this power is suggested, and i omitting to recommend any limitation the Committed admit that they have gone a little beyond their terms reference, the Conference having advised that the power of extra-territorial legislation should only extend to law "ancillary to provisions for the peace, order and good government of the Dominion." In other quarters it has been suggested that the power of the Dominions should be confined to controlling the actions of their own citizen

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or residents in other countries.\* The fundamental objection to both forms of limitation is that they create at least as many difficulties as they solve. They open up a vista of interminable legal disputes as to the exact meaning of the qualifying words and the scope of particular statutes. It is of real importance that in cutting ourselves free from one legal entanglement we should not involve ourselves in another. Otherwise the remedy may prove to be worse than the disease.

The explicit recognition of the right of extra-territorial legislation has been adversely criticised, mainly on the ground that it is capable of abuse. That this is so may be admitted at once, but the criticism proves too much, since it is equally applicable to all legislative powers. All liberty is capable of abuse, but the safeguards against abuse are of different kinds. The whole Report of 1926 is inspired by the principle that in the administration of the Empire the safeguards against the abuse of power should be found, not in law, but in mutual goodwill and common sense. If this be borne in mind, criticism of the type to which we have referred becomes irrelevant. Undoubtedly it is true, as has been seriously suggested, that the Dominions might use their new liberty to complicate the international situation by setting up their own consular courts in China or Persia. The only answer is that they are not in the least likely to do anything so foolish. Again, it is quite true that the removal of the restrictions will enable some of the Dominions to pass statutes upon such matters as shipping and fisheries, which may be prejudicial to British or other interests, and in these cases perhaps the danger is not entirely theoretical. But it is open to the Dominions to reply that examples can be found of Imperial · legislation that has injured their interests. In either case the remedy is to be found, not in legal restrictions, but in an accepted understanding that common counsel will be taken upon all matters that are of common concern.

\* See, for example; A. Berriedale Keith, Sovereignty of the British Dominions, p. 225.

Turning now to the question of the Colonial Law Validity Act, we find the Committee recommending the the general restrictions imposed by that statute should abolished, subject to the proviso that in Canada, Australia and New Zealand the existing law and practice relating amendments of the constitution should be retained. With this exception, the general result of the proposed change will be that the Dominions will be free to amend or repe all Imperial statutes which extend to them. relation to maritime law, with which the Report deals separately, the practical consequences of abolishing the restriction are probably less important than they appear to be on paper. By a series of statutes the Dominions have already been gradually emancipated from Imperial controlin such matters as marriage law, copyright, and naturalisation and for most practical purposes the formal assertion of th general principle will not greatly enlarge the liberty whic they already enjoy, except in relation to merchant shippir and admiralty law.

The chief interest of the section of the Report dealin with the Colonial Laws Validity Act undoubtedly lies in th fact that it has been made the vehicle for certain suggestion on the general question of common legislation for tl A passage in the Report of 1926 reads as fi lows :--

It would be in accord with the established constitution position of all members of the Commonwealth in relation to @ another that no law hereafter made by the Parliament of the Unit Kingdom shall extend to any Dominion otherwise than at the reque and with the consent of that Dominion.

That this now represents existing practice is beyond di pute, but the Committee recommend that we should g further and embody the principle in an Act of Parliamer in these terms :-

Be it therefore declared and enacted that no Act of Parliames hereafter made shall extend or be deemed to extend to a Dominio unless it is expressly declared therein that that Dominion has re quested and consented to the enactment thereof.

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The Committee then turn to the question of laws affecting the succession to the Throne and the royal title. Here again modern practice has established the convention that changes should not be made without the concurrence of the Dominions, and the alteration of the King's title in 1927 was made in consequence of a recommendation in the Conference Report of 1926. But the Committee recommend "that this convention should be formally put on record in the following terms," which are to be embodied in the preamble of a statute:—

Inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Rayal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

These recommendations are open to criticism on the broad ground that they confuse the function of constitutional understandings with that of legal rules. The purpose of conventional understandings is to define the conditions under which legal power may be exercised. For example, it is a conventional understanding which declares that in affairs of state the King may only exercise his legal powers upon the advice of his Ministers. But the two things are essentially different, and any attempt to express principles of policy in terms of legal rules is only likely to result, as American experience teaches us, in a mass of quite unnecessary legal controversy. If the proposed enactments are intended to limit the legal power of the Imperial Parliament they are clearly futile, for no rule is more well settled than the rule that it is impossible for Parliament to bind itself. If, on the other hand, they do not profess to affect the law, then they are clearly out of place in a statute. There is no reason why these principles should not be solemnly placed on record in written form, but the proper place for them is

a political pronouncement, not an Act of Parliament, the recommendations contained in these paragraphs appear unlike the rest of the Report, to be open to the criticist of undue "legalism," we may suspect that the legalism is be attributed rather to the political than to the legal men ber's of the Committee. Lawyers usually understand to proper limits of law.

The recommendation last quoted has already had that at a unfortunate result of provoking a most unnecessary debat and in the South African Parliament upon the old question succession the right of secession. General Smuts, perhaps somewha a u injudiciously, started the controversy by arguing that th and proposed enactment would render secession legally importhe sible, and the ensuing debate resulted in an amendmen doc formally asserting the right to secede. The truth is the short all discussion about the legality of secession is entire with beside the point. Secession, however peacefully it may chie accomplished, is essentially a revolutionary act, decided political considerations, and a Dominion which has ma almo up its mind to secede from the Empire will certainly n cult pause to inquire whether its action is legal or not. T form incident is only worth recalling because it illustrates t practical results which may be expected from attempts assert principles of political action in an Act of Parliame bein Our constitution contains no laws providing for the proconduct of revolutions, and to discuss them is a waste

Merchant Shipping and Admiralty Jurisdiction

political knife, and for the law any attempt either to provi

or to prohibit the knife is equally futile.

Secession means the cutting of all legal bonds by

From the practical point of view the most importation of part of the Report is that which deals with legislate upon merchant shipping and admiralty jurisdiction. specific recommendations presuppose some knowledge the voluminous law contained in the Merchant Shipp Acts, the Colonial Courts of Admiralty Act, the Dominio

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constitutions, and the judicial decisions which explain or obscure them. In the present article it is obviously impossible to do more than attempt to give a general idea of the principles involved.

In the first place, it may be taken as agreed that in mariand the time law the maximum of uniformity is desirable. In recent years very strenuous efforts have been made to arrive had that a unity which is to be not only Imperial but international, debat and these efforts have been crowned with a large measure of stion success. For example, for twenty years we have now had mewha a uniform international code governing collisions at sea, hat th and other departments of law are continually being added to importhe field that is covered by international agreement. If a ndmer doctrinaire insistence upon the theory of equality of status is the should result in an unnecessary diversity of maritime law entire within the Empire, such a result would be entirely mismay chievous. It would unquestionably cause grave injury to ided all shipping and allied commercial interests, and it would s ma almost certainly involve us in serious international diffinly n culties. We may therefore take it as agreed that uni-T formity in all major matters of maritime law is accepted as tes essential. The only question for discussion is as to the mpts means by which this uniformity is to be maintained, it iame being at the same time recognised that provision must be made for the local modification of particular rules in order to meet local conditions.

vaste Down to 1911 the law was based upon the principle that uniformity should rest upon a common code of maritime law enacted by the Imperial Parliament. Such a code was laid down by the Merchant Shipping Act of 1854, reenacted with amendments in 1894, and further modified by a series of later statutes, some of which have been passed portal in order to give effect to various international conventions. islation It is therefore clear that the main body of the existing law dates from a time when the question of "Dominion status" edget had not yet entered the field of practical politics. That nipping being so, it is not surprising that it should rest upon the

principle of the centralisation of authority at Westminster too Subject to certain conditions, a limited liberty is conced Dor to "colonial legislatures" to make laws for their Over Court registered shipping and their own coasting trade, but the vital does not even include a general power to control shipping juri in their own ports and territorial waters. All Bills passe by w in exercise of the powers thus conceded must be special take reserved for the royal assent. In Australia the provision of j of the constitution enable the Commonwealth Parliamen to exercise a slightly wider jurisdiction, but the exac pur extent of these powers is a source of endless litigation, and vision for most purposes Australian shipping is undoubted mea governed by the Merchant Shipping Acts.

The policy embodied in the Acts may now be out can date, but it was at least consistent and intelligible, in the expe it aimed at preserving unity by reserving all control dict essential matters to a central authority. Since 1911 the incr has been a change of policy. In that year Parliament go other effect to an international agreement by passing the Ma wor. time Conventions Act, which altered the rules relating to c contributory negligence and personal injuries, but at the same time a clause was inserted providing that the I the should not take effect in the Dominions, which were mat free to adopt the new rules, if they should choose to do own by their own legislative action. This precedent has be Th followed in later statutes dealing with questions of mariting other The net result is that we have neither unity trade liberty. The exempting clauses destroy the uniform and of our sea law, but they do not enlarge the power of the court Dominions, except by permitting them to copy the principal of the principa English statutes, which they do not always do.

The question of the jurisdiction of the courts whi matt administer maritime law is dealt with by a separate statul of ve the Colonial Courts of Admiralty Act of 1890, which wealth based upon the same principle of reserving all effect laws control to the Parliament at Westminster. The int territ pretation of this Act has given rise to legal proble obser

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too intricate for discussion here. Broadly speaking, the Dominions are free to copy the jurisdiction of the Admiralty Court in England, but not to endow their own courts with what jurisdiction they think best. Since 1890 the jurisdiction of the English Court has been greatly enlarged by various statutes, but these statutes do not automatically take effect in the Dominions, so that here, again, uniformity ovision of jurisdiction no longer in fact exists.

In other words, the old legislation has failed in its main purpose, which was to secure uniformity, while no proion, and vision has been made for attaining the same end by other pubted means. The existing system of complicated restrictions has now involved the whole matter in a legal tangle, which out can only be properly appreciated by those who have some in th expert knowledge of maritime law and admiralty jurisntrol. diction. Among other consequences, it has now become II the increasingly difficult for the Empire to co-operate with ent go other countries in pursuing the great object of a common e Ma world law for the sea. The Committee, therefore, propose ating to cut the whole tangle by the simple expedient of placing t at the Dominions, in so far as maritime law is concerned, upon the I the same footing as the United Kingdom. Upon this vere matter their conclusions can best be summarised in their o do own words :-

as be The new position will be that each Dominion will, amongst its other powers, have full and complete legislative authority over all ships while within its territorial waters or engaged in its coasting nity trade; and also over its own registered ships both intra-territorially iform and extra-territorially. Such extra-territorial legislation will, of r of the course, operate subject to local laws while the ship is within another the ni jurisdiction.

The ground is thus cleared for co-operation amongst the members of the British Commonwealth of Nations on an equal basis in those s which practical considerations call for concerted action. statul This concerted action may take the form of agreements, for a term of years, as to the uniformity of laws throughout the British Common-which wealth of Nations; as to the reciprocal aid in the enforcement of effect laws in jurisdictions within the British Commonwealth outside the e int territory of the enacting Parliament; and as to any limitations to be proble observed in the exercise of legislative powers.

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principle of the centralisation of authority at Westminster. Subject to certain conditions, a limited liberty is conceded to "colonial legislatures" to make laws for their own registered shipping and their own coasting trade, but this does not even include a general power to control shipping in their own ports and territorial waters. All Bills passed in exercise of the powers thus conceded must be specially reserved for the royal assent. In Australia the provisions of the constitution enable the Commonwealth Parliament to exercise a slightly wider jurisdiction, but the exact extent of these powers is a source of endless litigation, and for most purposes Australian shipping is undoubtedly governed by the Merchant Shipping Acts.

The policy embodied in the Acts may now be out date, but it was at least consistent and intelligible, in the it aimed at preserving unity by reserving all control. essential matters to a central authority. Since 1911 the has been a change of policy. In that year Parliament ga effect to an international agreement by passing the Ma time Conventions Act, which altered the rules relating contributory negligence and personal injuries, but at t same time a clause was inserted providing that the A should not take effect in the Dominions, which were le free to adopt the new rules, if they should choose to do by their own legislative action. This precedent has been followed in later statutes dealing with questions of maritime law. The net result is that we have neither unity n liberty. The exempting clauses destroy the uniformit of our sea law, but they do not enlarge the power of the Dominions, except by permitting them to copy the no English statutes, which they do not always do.

The question of the jurisdiction of the courts which administer maritime law is dealt with by a separate statute the Colonial Courts of Admiralty Act of 1890, which based upon the same principle of reserving all effective control to the Parliament at Westminster. The interpretation of this Act has given rise to legal problem.

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In other words, the old legislation has failed in its main purpose, which was to secure uniformity, while no provision has been made for attaining the same end by other The existing system of complicated restrictions has now involved the whole matter in a legal tangle, which can only be properly appreciated by those who have some expert knowledge of maritime law and admiralty jurisdiction. Among other consequences, it has now become increasingly difficult for the Empire to co-operate with other countries in pursuing the great object of a common world law for the sea. The Committee, therefore, propose to cut the whole tangle by the simple expedient of placing the Dominions, in so far as maritime law is concerned, upon the same footing as the United Kingdom. Upon this matter their conclusions can best be summarised in their own words :-

The new position will be that each Dominion will, amongst its other powers, have full and complete legislative authority over all ships while within its territorial waters or engaged in its coasting trade; and also over its own registered ships both intra-territorially and extra-territorially. Such extra-territorial legislation will, of course, operate subject to local laws while the ship is within another jurisdiction.

The ground is thus cleared for co-operation amongst the members of the British Commonwealth of Nations on an equal basis in those matters in which practical considerations call for concerted action. This concerted action may take the form of agreements, for a term of years, as to the uniformity of laws throughout the British Commonwealth of Nations; as to the reciprocal aid in the enforcement of laws in jurisdictions within the British Commonwealth outside the territory of the enacting Parliament; and as to any limitations to be observed in the exercise of legislative powers.

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As shipping is a world-wide interest, in which uniformity is from the nature of the case desirable, there is a strong presumption in favour of concerted action between the members of the British Commonwealth in shipping matters, but this concerted action make from its nature result from voluntary agreements by the member of the Commonwealth; it should be confined to matters in which concerted action is necessary or desirable in the common interest it should be sufficiently elastic to permit of alterations being make from time to time as experience is gained; and it must not preven local matters being dealt with in accordance with local condition. The kind of agreement which we have in mind in making our reconsecution of the common from time to time.

Upon these proposals the criticism has again been mathat the liberty thus granted is capable of abuse. It feared that nationalist influences in Ireland and Sou Africa or Labour influences in Australia may result legislation prejudicial to the political or commercial interest of the Empire. But again, the only possible answer such criticisms is that these are risks which we must prepared to take. We must direct our efforts toward co-operation in the making of good laws rather than a legal safeguards against the making of bad ones.

The recommendations conclude with a short paragr which proposes in rather vague terms "the establishm of a tribunal as a means of determining differences disputes between members of the British Commonwealt a matter which was not strictly within the terms of rel ence. It is suggested "that any such tribunal should" the form of an ad hoc body selected from standing par nominated by the several members of the British Comm wealth." In other words, it is to be modelled on tribunal set up by the Hague Convention of 1899 rath than upon the Permanent Court of International Justin The jurisdiction is to be "limited to justiciable issu arising between governments." As every internation lawyer knows, the word "justiciable" is almost incapal of definition, and the most difficult questions which within the Empire, such as problems of immigration, wo

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usually be excluded from the jurisdiction. In its present form the recommendation is not very helpful, but the Committee suggest that "the whole subject should be further examined by all the governments."

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Taking the recommendations as a whole it seems clear beyond dispute that they are in substantial harmony both with the terms of reference and with the general principles laid down in the Report of 1926. Like the authors of that Report, the Committee have succeeded in reaching a unanimous agreement, and the fact of unanimity is again important. Upon the general question of inter-Imperial relations the differences of opinion between the various Dominion governments are well known, and the success of the delegates in finding a common solution of some very difficult problems is a sufficient guarantee that their proposals are not revolutionary, for no revolution could have The proposals which been recommended by agreement. seem to go farthest on paper really amount to no more than a formal admission in law of a position which has already been reached in practice. The proposals which are most likely to have practical consequences are those relating to maritime law, and in this matter the existing restrictions upon the liberty of the Dominions have resulted in a legal tangle, the perpetuation of which would be wholly indefensible. Here, at any rate, reform is a matter of urgency, and no solution other than that proposed by the Committee would have the smallest chance of general acceptance.

Since the recommendations have aroused undue alarm in certain quarters, perhaps it is as well to take this opportunity of pointing out what the Committee have not done. They have not proposed any change in the law of the royal prerogative which vests the executive control of foreign affairs in the King, so that the legal and diplomatic unity of the Empire in the eyes of other nations is still unimpaired. They have not proposed any change in the law of allegiance, so that the Empire still remains one unit in

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all questions of peace and war, and the separate neutraling of a Dominion is still a legal impossibility. They have no govern proposed that the Dominion Parliaments should share perpect general legal omnipotence of the Imperial Parliamer of its which will continue to be the only body capable of passing laws to bind the Empire as a whole. In a word, no attem has been made to tamper with those fundamental const tutional laws in which the unity of the Empire finds: formal and legal expression. No attempt has been must to substitute a vague "personal union" for the vital bottam. of a common allegiance, and the Crown still remains can as dis and indivisible throughout the Empire.

III. THE REAL TASK OF THE IMPERIAL CONFERENCE

A LTHOUGH the draftsmanship of the prop mater statutory changes will undoubtedly need the n genuinely "expert" revision, it may be taken as ret impor ably certain that the substance of the recommenda in the will be approved by the forthcoming meeting of able t Imperial Conference. But the work of the Confer On the cannot end there. Something more is needed than so str mere passing of an Act of Parliament embodying mere proposed amendments in the law. That brings us to the d fundamental question suggested by the title of this art not a What is to be the real task of the Imperial Conference Is it to separate after passing a series of amiable resolut such whose futility will ensure unanimity, or is it prepared being undertake some constructive work, to grapple with Confe problem of setting up new institutions through widiscus the new principles now accepted shall find perman equal and orderly expression?

The last Conference declared that "nothing would a per gained by attempting to lay down a constitution for meeti British Empire." If the word "constitution" be take norm the sense of a single written instrument from which Great

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governmental powers are legally derived, then we may are the expect that the next Conference will share the reluctance of its predecessor. But to "lay down a constitution" is one thing. To equip an existing constitution with new organs to meet new needs is another.

Both the Report of 1926 and the Report of the Committee rest upon the assumption that, in the future, agreement must take the place of authority as the means of maintaining unity. But agreement does not operate automatical bol ally. Real agreement upon difficult practical problems, ins cas distinguished from mere concurrence in general resolutions, can only be the outcome of prolonged and wellinformed deliberation, and this deliberation can only take place in a body which is properly organised for the purpose.

It must, for example, have behind it sources of expert information which can furnish the members with the rop materials necessary for their discussions. The status of the members themselves is again a matter of the first ret importance. On the one hand, they must be sufficiently ndal in the confidence of their respective governments to be of able to speak with real authority as national representatives. nfer On the other hand, the governmental control must not be han so stringent as to reduce the delegates to the position of ing mere puppets at the end of a long wire. In other words, s to the debate in the conference room must be a real debate, s art not a mere comparison of conflicting instructions.

As we have already noted, the establishment of some solut such body was foreshadowed by the Report of 1926, it pared being recognised that the occasional meetings of Imperial with Conferences were wholly inadequate for the exhaustive discussion of matters of common concern. It seems equally clear that the organisation of special committees and conferences to dear with specified questions cannot be a permanent solution of the problem. Each of these meetings involves a certain amount of dislocation of the normal working of the permanent civil service, both in which Great Britain and in the Dominions, and a consequent

waste of administrative energy. Even apart from this, the whole atmosphere of these conferences is abnormal and unsuited to the dispatch of ordinary business. Each is opened with a ceremonial welcome from high dignitaries and the work is carried on to an accompaniment of dinne and receptions. The delegates are in effect diplomatish continually glancing back over their shoulders toward the watchful governments which control them. What have got to realise is that under the new regime to Empire will be faced with a large amount of busine which will have to be dealt with in a business-like wa Whatever its exact form may be, the procedure that adopted must make it possible to deal expeditiously w all kinds of business, ranging from the gravest politi problems to the dullest details of maritime law and co-or ation in technical matters. It is not in the least likely the Empire will suffer from lack of common occupation

The real question is whether to give definition and more formal status to those meetings of the High Commissioners in London with British Ministers and with another which already take place, or whether there shaded be annual conferences attended by delegates sent by various governments for the purpose, in the years between the ordinary meetings of the Imperial Conference. Appointment of Mr. Massey indicates an intention on part of the Canadian Government to endow the office High Commissioner with a quasi-diplomatic status, who would make development easy along the first line—all already in some measure adopted by the Austral Government.

A suggestion has been made by Sir Robert Borden proceeding along the second line by arranging for a kind temporary Imperial Conference each year from the degations that are sent to the League Assembly in September This is certainly worth exploration though there

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<sup>\*</sup> Since this article was written the change of Government in Carmakes it likely that Mr. Massey's appointment will not take effect.

The Real Task of the Imperial Conference difficulties. It is undesirable to create the impression at Geneva that the group of British delegations forms a single organised body. To hold the meetings in London immediately before the meetings at Geneva might be open to international objection. To hold them subsequently, when the delegates are all in a hurry to get home and report upon the work of the Assembly, might well mean that insufficient time and attention were given to Imperial problems. It is clear, however, that the Imperial Conference ought to consider how that co-operation, which is the basis of the Commonwealth and which to-day is effected mainly by the method of cable and correspondence, can be strengthened by more frequent personal meetings between delegates or plenipotentiaries carrying weight in their respective countries.

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From the practical point of view the problem of deciding the basis for these intermediate Imperial Conferences is probably less important than the organisation of the material upon which they will have to work. The excellent results achieved by such a body as the Council of the League are due, not so much to the eminence of the statesmen who attend its meetings, as to the thoroughness of the preparatory work done in the Secretariat. All analogies must be applied with a liberal use of the maxim mutatis mutandis, but if we are to avail ourselves of the League experience it will be more profitable to direct our attention to the Secretariat than to the Council or the Assembly. Whatever may be the rank or personal eminence of the High Commissioners or Empire delegates who may meet in London, none of them can possibly be familiar with all the problems that will arise for discussion, and the practical value of their recommendations will chiefly depend upon the completeness of the information which is placed at their disposal.

The essential thing is to ensure that they shall have at their command exhaustive and accurate information upon all the problems which are of common interest to the

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Empire. Has the time come for creating an Imperial Secretariat, composed of officials of all the nations of the Empire, for the preparation of the work to be considered by the High Commissioners, by special Empire delegates or by the Imperial Conference itself? If Imperial organisation is to develop, the secretarial service clearly cannot be provided merely by adding another department to the British civil service. The sources of information, both political and economic, must be as representative of the Commonwealth as the body which makes use of it, and interpreted by people representative of all parts of it This, also, is one of the questions which the forthcomin Imperial Conference should consider.

These suggestions may appear to be somewhat vagu but at the present stage private writers can do little mo than indicate the general lines along which the proble should be approached. The pathway of our history is thickly strewn with rejected schemes of Empire organisati that in recent years there has been a natural reluctance: put forward any new proposals. The tendency has be to assume that somehow or other the Empire will contri to "muddle along" without taking any definite steps meet the demands created by the new constitutional state of the Dominions. But any such assumption is in dire conflict with the conclusions of the 1926 Report. Th Report has not been sufficiently studied as a whole, and popular discussion too much emphasis has usually bee laid upon a few striking passages, particularly the famou formula of "equality of status." But Lord Balfour himse was careful to point out that the principle of differentiation of function is no less important than the principle equality, and it is also true that the insistence upon the need for proper organisation is an integral part of the clusions of the Conference. Without such organisation it will be impossible to give expression to the two mar principles upon which the Report is based.

The position at which we have now arrived is that

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have solemnly and unanimously affirmed that the ancient institutions by which the unity of the Empire was preserved can no longer be used for that purpose, and from that agreement it is no longer possible to recede. But at the same time we have affirmed our unchanging belief in the need for unity, and this imposes upon us the clear obligation to devise new institutions through which that unity can find expression and enable our Commonwealth to fulfil its mission. Real unity will consist, not in abstract resolutions, but in common action, and common action can only be taken through appropriate agencies. Nearly four years have now passed since the Imperial Conference emphasised the need for "new arrangements," and the more specific recommendations which we have been examining only make the urgency of this need more evident. The time has now come for action. In the establishment of institutions that will reconcile the principle of liberty with the principle of unity lies the chief task of the forthcoming Conference.

### HOOVER AND HIS FIRST CONGRESS

AT put down his empty glass. "Thank ye kindly," he said, "It's just right, the drop of whiskey you're after givin' me." "I dinna understand," said Sandy. "It's this way," Pat replied: "If it was better, ye'd 'a kept it yourself; if it was worse, sure I couldn't 'a gqt it between me teeth. So it's just right!" In much the same frame of mind we seem to be about to enter upon a naval treaty. It does not contain the elixir of life whereof the Quaker and the Scot spake on the Rapidan last Fall. An agreement which merely limits armaments does not satisfy the expectation that they will be reduced. A threepower pact is not a five-power pact—nor is it three-fifths of a five-power pact. Negotiations which uncover rank bitternesses between Frenchmen and Italians are not all to the good even though they lead to a sensible reciprocal understanding of British and American needs.

Yet, in its way, the London Naval Treaty is "just right." After the Geneva failure of 1927 a major political risk was involved in summoning another international naval conference. By the same token, it was a major feat of statesmanship to keep the second conference from breaking down. Perhaps, viewed narrowly, the concrete results are not impressive. But seen in perspective, the premise which has now been acted upon by the representatives of three of the five naval Powers of the world is broader and more full of hope for the future than the first

gingerly stipulations under that premise. As Charles P. Howland writes in the Yale Review:—

The cardinal accomplishment of this particular conference is the agreement of three great naval Powers to fix limits for their navies in every detail. For the first time in the world's history the principle is established that each of the great sea Powers has a legitimate concern in the size of the navies of the others; none of them can preoccupy itself with its own naval "needs," ignoring the "needs" of the others. Indeed, the understanding deflates the whole Big Navy pretense about absolute needs; fighting ships have no purpose except to fight someone, and antagonism is the description of a relation. In a larger sense, the matter of navies has now become a matter of international legislative concern.

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The London Naval Agreement has been ratified by the United States Senate, and the signature of the President has been affixed to it. That, in itself, is a notable event, not to be overlooked: and it is confidently expected that the British and Japanese Governments will shortly follow the excellent example which has been set.\*

Finally, brethren, we wish to mention the Devil. The Devil, having been widely cursed out for not joining the League of Nations, the World Court and one thing and another, would like to have his due given him in re this treaty. He therefore takes occasion to point out that his well-known Senate was the first legislative body to ratify the Naval Pact: that it was ratified by the overwhelming vote of 58 to 9: that his Senators didn't throw the papers out because "freedom of the seas" was ignored, nor because "parity" may not have been achieved. They didn't nullify their consent by reservations to the agreement. In fact, the Devil thinks that he has a small commendatory word coming to him for a change.

\* Since this article was written the Naval Treaty has been ratified by Great Britain. The Royal Assent was given on August 1.

II

DUT in all seriousness, the special session of the Senate Dwhich has just run its course was a good session—and an interesting one. The Treaty was under discussion for only two weeks before it came to a vote, and the bulk of the time was consumed by a filibustering minority who hoped that they could delay action until the small quorum would be dissolved by Washington summer heat. tactics failed. At the vote, nine members were recorded against the Treaty; but of the nine only five had played any important part in the argument—Hiram Johnson, Hale, Moses, McKellar, and Walsh—three Republicans and two Democrats. Johnson employed the same spell-binding. oratory that he used against the League of Nations in Wilson's time, standing cheek by jowl with the Almighty to save the American Republic from enemies without and within. In 1920 he was on the winning side: in 1930 he was a washout. Hale, who was regarded as an expert in naval affairs, made an indifferent showing in his special field, and finally resorted to bombast. By this treaty, "the British have us hamstrung and hogtied," he protested, using almost the exact phrase that Winston Churchill, speaking from another point of view, used in the House of Commons. Senator Moses' diatribes were more personal. His status within the Republican party organization is none too secure, and he found an opportunity to vent his spite on the President and the Secretary of State. was pretty cheap. On previous occasions he had made his irony felt, but this time Reed of Pennsylvania was more than his match on the floor. The opposition of Johnson, Hale and Moses, the three Republican Senators, was never dangerous to the Treaty.

McKellar of Tennessee raised the only issue that threatened a stormy passage for the Bill. The incident

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provides a typical example of the irrational hostility which has long existed between President and Senate. Hardly had the London Agreement been laid before them by Mr. Hoover, than McKellar demanded from him "all letters, cablegrams, minutes, memoranda, instructions, despatches, records, files and other information relative to the Treaty." McKellar's colleagues, Senators all and solicitous for their prerogatives, put this requisition in the form of a resolution. Now none of the papers could have had the slightest bearing on the final agreement; their disclosure to the public would have been a breach of confidence; and it is likely that certain informal communications, describing situations and personalities, would have caused a lot of illfeeling abroad. What is more, many of the Senators had already studied this material under a promise to respect the President's confidence, and all the others could have seen it upon the same condition. For these reasons the President determined not to comply with the requisition. Here was a deadlock. Whereupon Senator Robinson proposed a timely amendment permitting Mr. Hoover to withhold the documents if the delivery of them would be "incompatible with the public interest." Hoover, still nettled, used the phrase as the text for a homily on interhational courtesy. The Senate, stirred up all over again, was on the point of ratifying the Treaty with a reservation reciting Hoover's refusal to let them have the documents. But a wise colleague by the name of Norris persuaded them to leave it out and content themselves with "a distinct and explicit understanding "that there was no secret communication which in any way modified the text of the Treaty itself. And then (it is said) another wise man by the name of Borah persuaded the President that the Senate's face reeded saving and that Norris had devised the most innocuous way of saving it. With this harmless reservation the Treaty was passed. The favorable result was brought about by the combination of a number of elements. If the American delegation to London

disappointed the idealogues, they were wise enough to bring back terms which the Senate would accept. Two members of that delegation—Senators Reed and Robinson, Republican and Democrat—fought unflinchingly for their document on the floor of the Senate, and three experienced parliamentarians, Watson, Borah and Norris, assisted the President in his legislative tactics. Democratic members decided not to make a party issue of the Treaty, and only two of them voted against it. So, all in all, it was a creditable performance.

And now a word about Senator Walsh of Massachusetts. Before the Treaty had come to a vote, but when the outcome was fairly certain, he offered a resolution which, in effect, required the United States to build its navy before 1935 up to the full strength allowed under the London pact. Otherwise Walsh made no important contribution to the debate; but here, perhaps inadvertently, he drew from the Senate an expression of their attitude toward the naval program of the United States, when his motion was rejected by an overwhelming majority. In the opinion of the Senate, therefore, the full program can wait. It can wait until other parties to the London Agreement decide how much actual building they are going to do within their legal limits. Once before the American Government made a similar gesture, when for five years after the Washington Conference of 1922, laboring under the impression that it was indeed an instrument of peace, the United States laid down only two big cruisers, one in 1926 and the other in 1927. Meanwhile, between the Washington treaty and the Geneva Conference five years later, Great Britain managed to lay down fourteen such ships, Japan ten, France four and Italy two.\* This is what happened while the Government of the United States waited to see! Then the Geneva Conference broke down. Whatever the merits of the case may be, the failure of those negotia-

<sup>\*</sup> See Walter Lippmann's admirable résumé in the July 1930 number of Foreign Affairs (New York).

tions changed the policy of Congress, and as a consequence, six big cruisers were laid down by the United States in

1928 and five in 1930.

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Now, thanks to the London Conference, the race in naval armaments is circumscribed for a period of years. And, by rejecting the Walsh resolution, the Senate, once disillusioned, again expresses its faith that an instrument of peace has been negotiated, and sees no reason for building immediately up to full war strength. It is earnestly to be hoped that statesmen of the other nations party to the treaty will recognise this overture, made a second time within ten years, and will go as far as they can to meet it.

#### III

WHEN the Senate had ratified the Pact, they went home. The President stayed in Washington at work, and he will be there throughout the summer, except for a short and not very restful trip of two weeks to Glacier National Park. With Congress out of sight until Fall, though not out of mind, he may have a spare evening to review what has happened during his first full year of office.

Mr. Hoover was elected to the Presidency in November 1928 by the largest total vote and the largest majority in American political history. He came into office with enormous personal prestige. This prestige was legitimate in part; in part it was the effect of his campaign publicity. It now is evident that Hoover's strength as a candidate reflected to a considerable degree the disabilities of his opponent, Governor Smith. And we likewise now see that when we were shouting about a Great Engineer we were really shouting about a great engineer. Since he assumed office on March 4, 1929, the popular conception of Mr. Hoover has suffered something of a deflation. It is just as well, and, indeed, he must be glad of it. Still, the last few weeks of the regular session of Congress, and

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the two weeks' special session of the Senate, afford rather definite indications that his prestige has "scraped bottom" and is turning upward. Whether, as the stock market oracles would say, this is a "rally from an oversold condition" or an "authentic upward swing" remains to be seen. No one can deny that he brought Congress to a close with a series of decisive administrative triumphs: and "there can be little doubt," as the New York Times says, "that Americans have taken fresh courage from the fresh courage which Mr. Hoover has himself latterly put on."

In all fairness, it should be stated that when Mr. Coolidge handed over to him the package of unfinished national business it was full of bombs. A program of farm relief had to be devised, a new tariff had to be drawn up, and the problem of how to enforce the Volstead Act had assumed alarming dimensions. On top of these anxieties came the stock market crash of November, and the widespread business depression which has now admittedly succeeded it. Mr. Hoover, unlike his predecessor, took the bombs in both hands. He called a special session of Congress to provide a plan for farm relief; he appointed a Commission to study the question of law enforcement, and, instead of letting them go to sleep, he required them, after nine months or so, to make an interim report. If the President failed to lead Congress in drawing up the new tariff, he did not and does not regard the Act as a wise measure. He tried, unsuccessfully, to prevent many of its schedules from being adopted, and though he finally approved the Bill, he was able to secure a "flexible provision" allowing the Executive to review tariff rates from time to time if good cause could be shown for doing so.

He even dared to deal with the state of panic which prevailed throughout the country after the stock market crashed. It has become fashionable to sneer at the President's efforts in this direction, for the market suffered a secondary reaction in June after too rapid a recovery in the

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Spring, and business is still distinctly below the extraordinary record of 1929. It has become easy to ridicule his committee of industrial leaders, his optimistic statements with regard to the speedy recovery of trade, his building program for the Government during times of depression, and the favorable light which was thrown on unfavorable facts by his cabinet officers during the Spring. But when all is said and done, a psychological condition such as was caused by the panic of last November needs prompt and drastic treatment. Hoover applied it, courageously, and the word is used advisedly. His hopes may have been pitched too high, his predictions may have been premature, but the artificial respiration which he administered to business at the turn of the year tended to restore confidence to a legitimate degree, and to prevent the extension of panic from the speculative world to the financial and commercial community. One would like to make a list of the people who have criticised Mr. Hoover most bitterly for "helping business to lift itself up by its own bootstraps." It would probably contain, for the most part, disappointed speculators who hoped to realize a neat profit in a new bull market which hasn't yet arrived.

For business is not good. Unemployment is high and the figures are mounting. Railway earnings are down more than a third from 1929. Prices of all basic commodities—sugar, coffee, wheat, copper, pig-iron and the like are at the lowest levels they have seen for years. The official loan rate for call money is 2 per cent. today as against 9 per cent. last year; yet in spite of the ridiculously low price which even time money commands, there is little or no demand for it. The building trade stood up well during the Spring, all things considered; but contracts awarded so far during the nonth of July show a vicious drop from June and from July of last year. Stock prices have collapsed; commodity prices have collapsed; a collapse in the price of labor has been avoided, apparently, by employing men fewer hours per week, while maintaining the old high rate

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per hour. Whether the wage scale must also go down remains to be seen. There are many who fear it, but few who speak of it.

#### IV.

OR is it possible to see what the Government can do to alleviate these conditions. Two ambitious schemes are on trial; both appear to be going quite badly.

The first is by way of assisting the farmer out of his notoriously bad state. For this purpose and in fulfilment of a campaign promise, Hoover called an early session of Congress in the Spring of 1929. By the fifteenth of the same June, he had signed a Farm Bill. It provided for a board to study the agricultural situation in the hope of discovering a sound economic program. Half a billion dollars were voted from the public funds to be used as needed to stabilize the price of farm products. Half this amount, a quarter of a billion, has already been made available to the Board. Another plan had been proposed—that the farmer's export surplus should be sold against cash plus debentures, the cost of the debentures to be borne by the Government. Hoover forced this out: but he did accept the idea of a half billion dollar "revolving fund," and appointed Alexander Legge, head of the International Harvester Company, to be Chairman of the new government agency.

So far, the whole program has been a miserable failure. At the last report, the Board had become owner of some 60,000,000 bushels of wheat at a cost of well over \$1.15.4 bushel. Yet even these purchases, and the promise of the Board to keep the entire quantity out of the market indefinitely, have failed to prevent wheat from falling to its lowest price in sixteen years. On the night of July 30, wheat closed at slightly over eighty-three cents, and the Farm Board's books showed a paper loss—perhaps a real

loss—of something like \$18,000,000. The million and a quarter bales of cotton which were bought under the direction of the same agency for the same purpose, are already down in price more than \$20,000,000. And if rising commodity prices are still the object of the Board, it is hard to see how such dominating quantities as these can be disposed of without keeping the market down or

breaking it further.

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The "economic studies" of the Farm Board may be useful some day. But their conclusions have been rather unwarrantably anticipated by the Chairman who, with the Secretary of Agriculture, has been touring the West, making a number of unwelcome speeches. He has been dinning the idea into the farmer's head that he must "cut his acreage," produce less wheat, and get a correspondingly higher price for what he produces. This doctrine is unpalatable, first because it sounds like the counsel of despair, second, because no individual farmer can trust his neighbor to "cut his acreage" likewise, and lastly because Chairman Legge has been lecturing the agricultural community in a highly dogmatic tone. The farmer is annoyed because he's in a bad year: the rest of us are annoyed because our money is apparently being wasted hand over fist by the Farm Board; and Mr. Legge is annoyed because the program is going very badly. All this will work against the Republican party when elections to the House and Senate are held in November.

The second measure devised by Congress to restore American prosperity is, of course, the Hawley-Smoot tariff. If industry may be expected to prosper in proportion to the height of the tariff wall, then Congress has already secured its object, for the present tariff is the highest in our history. The previous law provided American industry with average protective rates of 34 per cent. ad valorem: Messrs. Hawley and Smoot, Chairmen of the House and Senate committees respectively, are responsible for a new law which adds a further 5 per cent. protection.

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While the Bill was under consideration, more than a thousand American economists petitioned the President to veto it, stating that "there are few more ironical spectacles than that of the American Government as it seeks on the one hand to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs, it makes exportation ever more difficult." In the last analysis American goods must be paid for by foreign goods, and payment becomes difficult in so far as importation into the United States becomes difficult. Though this factor has operated against the foreign sale of American goods for many years, the continued prosperity of the country suggests that, until now, other advantages of protection have more than outweighed it. Now, however, a thousand economists believe the pitcher is trying to go to the well once too often.

And a political element is added; for nearly thirty countries, officially or through their commercial organizations, have protested against the Hawley-Smoot rates. The Spanish Government, politely disavowing any intention to retaliate, has established new import duties which do, in fact, strike at American trade. Italy has taken radical steps to protect her own motor industry. Portugal has passed a tariff law which is definitely a reprisal. Canada, f under the Mackenzie King regime, provisionally adopted a series of "countervailing duties" to be levied on imports entering her border from any country which should be equal to the scale of duties imposed by that country on Canadian products. "This budget," explained their Finance Minister, "is frankly framed to enable us to buy more freely from those countries which buy from us." Canada is the largest foreign market for American goods. Therefore, its action, however natural was alarming, and the alarm has been increased by the recent defeat of Mackenzie King's government, with the entrance of a Conservative party into power, pledged to a high protective program which sounds regrettably like our own.

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The . New York Times throws up its hands with regard to the tariff! The measure is regrettable, but "it is water over the dam." Perhaps the situation is not quite so desperate as all that. President Hoover managed to save something from the wreckage by keeping in his own hands the power to review tariff schedules under the socalled "flexible clause." Senator Borah has already presented seventeen items for reconsideration. Bingham of Connecticut and George of Maryland have reopened two other schedules. The Under Secretary of the Treasury, Ogden Mills, is abroad, learning what foreign governments really think about the new Act. But these measures come late in the game; and the process of amendment will be painfully slow. It may be that, just as some of our elder statesmen accepted many inequities in the Treaty with Germany, professing that the League of Nations could cure them, so Mr. Hoover has accepted a thoroughly unsound Bill, with too great hope that he can "fix it up." We must wait and see. Whatever may be done for the better in the future, a most grave damage has been done already.

#### V.

THERE is a story, whether true or not, which is attributed to Mr. Elihu Root. President Wilson appeared to be delaying action on some matter of state, and Mr. Root's neighbor at dinner put a question to him. "What would you do in this affair, Mr. Root, if you were President?" The reply was immediate and accompanied by an impatient gesture: "There's no doubt what I'd do; I'd—." Then he hesitated for a minute. "No," said he, "I can't tell you what I'd do, because, you see, I'm not President."

Bearing that anecdote in mind we will not be putting Mr. Owen Young in a false light if we quote from one of

the few speeches he has allowed himself to make. It was a business address delivered in San Francisco on June 19 to the "barons" of electric light and power. The problem of marketing the surplus American commodities was discussed in detail: and this is the way Mr. Young brought his counsel to an end:

When our political policy in international affairs becomes cooperative in spirit, which need not involve us in entanglements or
alliances; when our economic policy looks to the economic development of the world as a whole and the improvement of living standards
everywhere; when our tariffs and our treaties are made to evidence
this spirit (because we are under suspicion now); then we may
hope for effective plans for farm relief, for reduction of our surplus
of raw materials and manufactured goods, for relief of unemployment, and for—what is most important of all—a better spirit of all
nations toward us and toward each other. That means peace, and
peace thrives in a world of contentment and mutual welfare. It
cannot live in a world or in a nation where there are great inequalities
and injustices caused by man-made barriers.

We cannot have a world wide economic program if it is to be defeated by a narrow political policy. It does no good for businesses to send their representatives to foreign countries to sell our surplus goods if, politically, we ruthlessly offend the very customers they

are trying to create.

We, more than any one in the world, need an era of good feeling, not only in our own country, but elsewhere. I beg the leaders both in politics and economics to cultivate it.

From this far-sighted view the Senate might learn wisdom, and the President might take strength.

The United States of America. August 1, 1930. It was une 19 roblem es was prought

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# IMPERIAL ECONOMIC UNITY

#### I. THE ECONOMIC DISEASE

TF Joxer Daly and the Paycock have been in the army of Lunemployed in the summer of 1930, they must surely have exclaimed again, "the whole world is in a state of chassis." Chaotic, because uncontrolled, symptoms of falling prices, recession of trade, heavy unemployment-to say nothing of political disturbances—are common to almost every part of the world, and in face of them politicians and demagogues are struggling either themselves to bring order out of chaos or to persuade us that they alone have the ability and the plans to do so. It is in these circumstances that protection once more rears its head in Gfeat Britain. That it should do so is natural enough, since evil days encourage envy of the tariffs of others which diminish our trade, emphasise the disadvantages of competitive imports, and induce a feeling that at any rate we could be no worse off under a protective than under a free trade system. It is natural, too, that the protection recommended should take the specific form of an Imperial tariff union, since the British manufacturer wants markets above all, and the Empire, while itself in need of outlets for its foodstuffs and raw produce, presents a wide vista of markets for the industrialist.

Protectionists, indeed, we have always with us, disguise themselves as they may when times are not hard enough to be propitious for their plans. What is important is that

to-day the forces of Protection in Great Britain should be concentrated upon the plan for Imperial economic unity, under the domination (however pleasant or distasteful) of Lord Beaverbrook with his Empire Free Trade campaign

Let us, before discussing this particular nostrum, make clear to ourselves what are the troubles that it is designed to cure. It is common ground that Great Britain is face to face with a trade crisis which is part of a world-wide depression but which is rendered more acute by her own special difficulties. To a certain extent, moreover, the causes of the crisis will be generally admitted. The first major cause is the acceleration in the already serious fall in the wholesale prices of the staple products and manufactures of the world, a condition upon which trade, whether within or without the Empire, must be conducted. Partly as a result of this fall in prices and the consequent economic dislocation, partly as a cause of them having its own peculiar origin, the depression is characterised by a widespread physical over-production, which appears to have originated, in so far as it is not a purely monetary phenomenon, in post-war maladjustment of manufacturing capacity to needs, in abnormal crops, notably the bumper wheat harvest of 1928, reducing the demand of the farming community for all kinds of commodities, and in undue optimism . on the part of manufacturers and primary producers based on the boom conditions of 1928 and the early part of 1929. Policies of restriction and of "organised marketing" are the natural outcome, but it is doubtful whether the balance can be re-established until the costs of production and distribution are reduced in the same measure as the prices of raw materials.

At the same time, competition, sharpened and embittered by these tendencies, has quickened the pice of progress in industrial efficiency. The substitution of machinery for man-power, the desertion of coal for petroleum as fuel, the development of electric power supply, the mechanisation of agriculture, the whole movement for technical rationalisa-

## The Proposed Remedy.

tion and scientific education, these are symptoms of the same permanent but accelerated process. This increase of industrial efficiency, accompanied by a movement from the country to the towns, and from manual labour to "whitecollar" jobs, has changed the distribution of labour and the standard of life, bringing with it radical changes in demand. Industries such as artificial silk and motor-cars flourish at the expense of the producers of coarser and humbler things.

The fourth tendency is the development of nationalism, which in the new countries takes a political and in the old countries an economic shape. The disturbances in Egypt, India and China derive from the same human trait as the Hawley-Smoot Tariff in the United States, and while there is little of isolationism in the British attitude, the economic nationalism of other countries could not persist indefinitely without calling forth a reaction in the country which is

perhaps most susceptible to its effects.

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These are the conditions under which the plan of Lord Beaverbrook and his associates has been engendered, and which are responsible for nine-tenths of its popularity.

### .II. THE PROPOSED REMEDY

DECAUSE the disease consists in falling prices, over-Diproduction, changing demand and nationalist ambitions, the remedy must somehow provide higher prices, guarantee demand and larger markets. It is from protection of the home market and the acquisition of special privileges in the export market that the benefits are expected. The example of the United States has certainly had great influence in turning the direction of thought towards the idea of an enlarged free trade area protected by a surrounding tariff wall. Lord Melchett, Lord Beaverbrook, and others who have either thought or spoken on the subject argue that, although it is scattered over the whole world,

the Empire is also capable of becoming a unit because, with few exceptions, it is self-sufficient, and presents a broad balance between tropical and temperate commodity producing areas on the one hand, and manufacturing areas on the other.

This general direction of thought has been followed to many different conclusions. The report entitled British Industries and Empire by Professor A. J. Sargent, and published by the Empire Marketing Board, and the Memorandum on the Trade of the British Empire by Sir David Chadwick, the Secretary of the Imperial Economic Committee, stand at one end of the scale because they indicate the potentialities of the Empire market and the difficulties of arriving at any sweeping solution. Lord Melchett occupies a middle position between the economist and the journalist. In a pamphlet entitled Imperial Economic Unity he gives the following summary of his aims:

The ideal of the policy in its broadest aspects implies the minimum amount of tariff barriers within the Empire and the greatest measure therefore of free exchange of goods, and necessarily protection against competition from sources outside the Empire.

The list of contributory literature might be extended greatly, but merely to illustrate the diverse forms taken by the "Imperial idea" it may be completed by mentioning the reports of the Federation of British Industries and of the Committee of the Trade Union General Council, set up to consider the alternatives of a European or an Imperial direction of British policy, and the much advertised bankers' memorandum, which is perhaps the best available expression of "any port in a storm."

The extreme of confident assertion is represented by the journalistic campaign conducted with such breathless haste by Lord Beaverbrook, with sometimes embarrassing assistance from Lord Rothermere. The form of the plan put forward by Lord Beaverbrook might be described as an attempt to do for the British Empire what the General

The Proposed Remedy . .

Tariff Act did for the United States, the Zollverein for Germany, and the Customs Union for South Africa. This Union might take any of several different forms, but it would certainly present to the foreigner the aspect of a higher tariff than exists at the present moment, and to the British trader a larger area in which trade was free. It has been suggested that the first stage would be the imposition by all countries in the British Empire of a 10 per cent. or 15 per cent. ad valorem duty upon all foreign goods, and that each part of the Empire would grant what initial measures of Imperial Preference it could give without sacrificing its own interests. But though the immediate results of the adoption of the plan might only be the reduction of local tariffs, the intention of all parties would be the gradual elimination of all tariffs between one part of the Empire and another. Finally, the administration of such a Customs Union would demand both a Council to formulate policy, and a Secretariat to undertake the work of detailed administration.

The advantages of such Imperial economic unity, if it could be achieved, are obvious. Lord Melchett writes of a union in which

the larger vision of Empire will replace the narrower one of the country, in which development of any part of the Empire will be gladly welcomed and encouraged for the common good, in which the best and most economical use will be made of the accumulated knowledge, finance, business experience and trained industrial population of the Mother Country, the greatest possible use of the vast existing and potential agricultural possibilities of every part of the British Empire, both in the moderate climes and in the tropical zone, in which the control of great raw materials—mineral, vegetable, and of every other kind—will be stimulated and directed in the first instance to the benefit of the citizens of the Empire. In fact to be a citizen of the great economic unit should confer advantages which alone would make it worth while for people to be glad to belong to it.

Even if human weaknesses prevent the fulfilment of Lord Melchett's dream, Imperial economic unity could

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provide solid advantages to offset such disadvantages as it may be shown to have. To those parts of the Empire which produce foodstuffs and other raw materials it would offer a preferential market certainly large, and possibly expanding, for their products. To Great Britain and to the industries of Canada that have an export surplus it would offer a market with no tariff barriers vastly larger than any that they could hope to obtain without such a Union.

#### III. THE OBJECTIONS OF THE DOMINIONS

THE proposal cannot, therefore, be dismissed in a phrase or two. It deserves solid consideration both in its economic and in its political aspects. Let us begin with the interests of the Dominions and the Colonies which contain the bulk of the population of the Empire. It is easy in England to forget how large their interests are, and in particular how large a proportion of their trade is conducted with foreign countries. Figures quoted in A Memorandum on the Trade of the British Empire\* show that in 1927 the trade of the Empire, as measured by aggregate imports and exports of Empire countries, was nearly 30 per cent. of the total world trade, and had grown by 27½ per cent. since 1913 as compared with a general growth in the trade of the world of about 20 per cent. Professor Gregory has pointed out, in an illuminating article upon Empire Free Trade in the Political Quarterly for April, 1930, that these figures conceal an important tendency. "In relation to the Empire as a whole, the importance of its inter-imperial trade is declining since the proportion of inter-imperial trade is a main rising relatively to the whole."

This tendency is not surprising since quantitative movements of trade are closely connected with growth of

<sup>\*</sup> Prepared by Sir David Chadwick, the Secretary of the Imperial

The Objections of the Dominions

population. And most of the countries in which population is rising rapidly are outside the British Empire, being the United States, the Argentine and Brazil, Russia, Japan and Italy.

The same truths are expressed in the statistical fact that the exports of raw materials from the producing parts of the Empire are growing more rapidly than are Great Britain's imports of similar commodities. Looking ahead, therefore, wise producers will see advantages in building up trading relations with the United States and other countries which are potentially richer markets than the United Kingdom.

The positive advantages which might accrue to Empire producers from economic unity are those of expanding demand and satisfactory price. Expanding demand has been shown to be at best uncertain. Satisfactory price must depend upon the height of the tariff which the United Kingdom, as the chief importing country, might be willing to accept, and the amount of sacrifice which foreign producing countries might be forced to accept in order to sell their goods "over the tariff wall."

It is, however, to simplify the problem unduly to argue as though the United Kingdom were the only importer of raw materials in the Empire, or the Dominions the only exporters. If all internal barriers were removed, such industries as the Queensland cane sugar industry which has been fostered by a tariff, or the British beet sugar industry which has been assisted by a subsidy, might find themselves .undersold by the strenuous competition of the producers of Mauritius and the West Indies whose labour costs were lower. The opposition of Canadian dairymen to the import of New Zealand butter and cheese, and the promise of the Conservatives to impose a tariff to meet competition described as unfair by the Canadian farmers, who cannot graze their cattle all the year round, were important factors in the recent Canadian election.\*

\* See p. 844.

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Economic unity must tend to foster specialisation, and to make each part of the Empire more dependent upon that single product which it is best fitted to produce. This danger of the destruction of local producers by other strong Imperial producers is far more serious in manufactures than in agriculture or mining. If Empire Free Trade were adopted it would mean that the iron and steel, the textile and the engineering industries of the Dominions which are at present sheltered behind quite high tariffs from British manufacturing competition, would find themselves exposed to this tremendously strong attack. With the exception of the Canadian engineering industries there are very few industries in the Empire which could survive the effects of prolonged competition with British manufacturers.

This matter is one of the very greatest importance because of the tendency, to which attention has already been drawn, for population to drift from farms and sheep stations into the towns, and to seek its livelihood in manufacture or distribution. Important industries have been created, large sums of capital have been sunk, and very substantial numbers of men are employed by these local industries—examples are the Australian, South African and Indian iron and steel, and the Indian textile industries.

Not only will various parts of the Empire be unwilling to allow Great Britain to sell them the goods which they manufacture for themselves at the present time, but they will also certainly feel grave doubts as to the advantages of imposing higher tariffs against foreign manufacturers. At the beginning of this article emphasis was laid upon the point that the drive behind the movement for Empire unity came from manufacturers who hoped that within such a Union they could sell more goods at a price which allowed them a profit. There is implicit in the plan a confession that at the present time other manufacturers are able to secure the trade by offering better goods, better service or lower prices. It is, therefore, obvious, to the Colonial consumer if not to the British manufacturer, that the

The Objections of the Dominions

imposition of a tariff upon foreign manufactured goods might easily involve serious hardship to the consumer.

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The advocates of Empire Free Trade either do not know or find it convenient to forget the fact that the majority of the citizens of the Empire exist near the subsistence Out of a total Empire population of about 450 million people, India, the Malay States, and the native populations of African Colonies, account for about 370 millions. The white population of the five Dominions whose high purchasing power is so often referred to by Lord Beaverbrook is less than 25 million people. Nor could it be maintained that these 25 million people can easily afford to enjoy the luxury of patriotism by paying a higher price than they need for their clothes, their fertilisers, and their machinery.

The non-European and the European populations of the Empire have alike to count carefully the cost of what they buy, and to choose the articles which offer the best value. It would inflict direct hardship upon individuals, and indirect hardship upon communities, if a general tariff upon all consumers' and all producers' goods from foreign sources were to be imposed in all Dominions and Protectorates. The extent to which South Africa and India have used foreign steel, German locomotives, Japanese cotton goods are instances of the reliance which they place upon foreign supplies. This problem of securing the cheapest possible supplies of essential manufactured goods is a matter of national strength, and therefore of national policy, and it lies behind many of the political objections which are made to the idea of Imperial economic unity.

### IV. THE OBJECTIONS OF GREAT BRITAIN

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To no country in the Empire is the solution of the question at issue more important than to Great Britain, dependent as she is for her livehihood upon imported food and raw materials. The British people have, moreover, an immediate need to make up their mind upon the question of protection as a condition of being able to discuss the Imperial idea with the Dominions in October.

The complexity of the problems involved is hidden when political controversialists speak of the unemployment problem in the singular. It is unduly simplified when Lord Beaverbrook says: "The road to prosperity is more buying power. We want to offer more buying power to the British public." Protection is there represented as a simple means of transferring to British manufacturers, and to British workmen the wages that would otherwise go to their foreign rivals. The free trader answers with equal simplicity: "We are dependent for the foodstuffs we import upon the manufactured goods which we export. Protection must increase our costs and will therefore weaken our competitive power."

A careful analysis of the statistics of unemployment shows that whereas the south of England and the newer industries are comparatively free from unemployment—what unemployment there is can be attributed to the depression in trade common to all countries—on the other hand, the percentage of unemployment is very high in Lancashire, Yorkshire, Durham and Northumberland, and South Wales. And the particular industries responsible for this unemployment are also depressed in every country. If the cotton and woollen textile industries, the coal industry, the shipbuilding and the iron and steel industries are excluded, our unemployment figures would be reduced to about their pre-war peak of some 700,000. To reverse the

# The Objections of Great Britain

argument, unless the coal, textile, shipbuilding and iron and steel industries can be restored to prosperity, or their personnel employed elsewhere, the unemployment problem has not been solved.

The Civil Research Committee which examined the iron and steel industry has not published its report, but the general belief is that the Committee was not strongly impressed by the case in favour of protection. There is probably insufficient internal competition between British manufacturers to ensure that there would be no serious rise in the price of pig iron, steel bars or billets if a duty were to be imposed to check imports from Belgium, Germany and France. To the extent that the tinplate and engineering industries depend upon cheap steel if they are to compete in foreign markets, they would be handicapped. Imports of coal are negligible. The effects of protection on the iron and steel industry-and any other industries which are large consumers of coal-would be beneficial to the coal industry. But they are outweighed by the decrease in the purchasing power in England of such countries as Germany, France, and—if there were taxes on foreign foodstuffs—Denmark, caused by a falling off in their exports to Great Britain. It is, indeed, probable that the coal industry would suffer seriously from reprisals if a high tariff were imposed against French textiles or iron and steel manufactures. The coal trade had to endure a virtual prohibition on coal imports by the French authorities in 1927 and its effects are bitterly . remembered.

There is a large home market for cotton, wool and artificial silk textile goods, and the imports of such manufactured goods are substantial. But it is nevertheless true that the textile industries depend for their prosperity upon their exports, and that no amount of protection against Continental competition in this country could help the traders to sell more goods in India, China, Africa and South America

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In the five years 1924 to 1928, British exports of textiles and clothing averaged £285 million, British imports of the same classes of goods only £70 million. Thus the two problems—protection of British manufactures against foreign competiton and the increase of our export trade—are not comparable in scale. Closer scrutiny would show that they are not comparable in kind, since our imports consist for the most part of special goods, in which not price but fashion is the selling force.

Imperial sympathies must not blind us to the fact that such countries as Denmark and the Argentine, which are the chief non-Empire sources of food supplies, form a part of our trading nexus. Denmark is a large importer of British coal and manufactured goods. Although it would often have been cheaper to buy Polish or German coal, yet because Great Britain is the best customer for Danish bacon and butter, the Danes have continued to give their orders to the north-east coast. The extent of our trade with the Argentine is such that it has always been a particular object of concern to the Foreign Office and the Board of Trade. It was thought to be good policy in 1929 to send a special mission under the leadership of Lord d'Abernon to examine the position, and in 1931 there is to be held at Buenos Ayres a British Trade Fair. Sir Malcolm Robertson, the first British Ambassador to the Argentine, has pointed out the importance of including that country in any trade system which is established between different parts of the Empire. Sheffield considered its trade with the Argentine of sufficient consequence to send a special mission there last July.

Equal attention has been given to Asiatic markets. A strong commercial mission, including a number of textile experts from Lancashire, has been organised by the British Government, and it will spend the autumn months in China studying the ways by which the British share of that market can be increased. Unemployment in Lancashire is immediately caused by any shrinkage in British exports of the commercial straightful caused by any shrinkage in British exports of the commercial straightful caused by any shrinkage in British exports of the commercial markets.

# The Objections of Great Britain

cotton piece goods to China, and it is certain that neither protection against imports from other European countries nor the development of Empire markets (other than India) can lead to a re-absorption of the 250,000 men and women formerly employed in the cotton industry.

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Great Britain's chief business in the world is to manufacture raw materials into finished goods. A large and essential proportion of these materials must be imported from abroad and therefore a proportion of goods manufactured must be sold abroad. Upon the foundation of this exchange of goods has been built up the large carrying, banking and insurance business which constitutes so large a proportion of Great Britain's invisible exports. Obviously what will benefit Great Britain is more trade, and the mere diversion of trade from existing foreign to new Imperial channels will be of no value to Great Britain unless, after the initial disturbance has been overcome, there is a quantitative addition to the total trade carried. It follows that just as it is important for the Dominions to build up their trading relations with growing manufacturing countries, so it is important for British manufacturers to build up their connections with the growing consuming Some of these are in the Empire-the rate of increase in trade is higher in Southern Rhodesia, in Nigeria, in Malaya, than in any other countries in the world—but many others are outside it. The Argentine, Brazil and other countries of South America are expanding more rapidly in population and are increasing in prosperity more rapidly than are Australia or South Africa. enormous populations of China and Russia are potential markets equal in size and importance to that of India, and with the possibility of becoming far more important than all the Crown Colonies together. Finally, one of the results of excluding foreign goods from the Empire by means of a tariff must be to divert these same foreign goods to other markets. If, for instance, Australia were to close her markets to American machinery, the "sales efforts"

of American engineers in the Argentine and elsewhere would be intensified—and British exports of machinery might be seriously reduced.

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### V. Political Objections

THESE are the main economic objections to the Empire Free Trade plan, and they are sufficiently formidable. But there are political objections too. Each Dominion—and India may be included amongst thempossesses complete tariff autonomy and has the power to place whatever duties it pleases upon British and foreign goods. This power is regarded as jealously by the Dominion legislatures as was the power of the purse by the House of Commons in the sixteenth century.

Now, the Dominions are aware, though opinion in Great Britain ignores this most important point, that the idea of Imperial economic unity, when systematised as a proposal for Empire Free Trade, foreshadows constitutional changes. The example of all other tariff unions, and such expressions as "permanent Economic Council," and "Imperial Economic General Staff," used by British protagonists of unity, conjure up visions of a strong central organisation which would control tariff policy for Dominion and Crown Colony alike. No serious doubt can be entertained that if tariff union is to work effectively there must be some central secretariat to collect information, and some deliberative body with power to take decisions. If a uniform tariff system were applied and success were to be achieved, it would be the result of the work of such a body, and, as always happens, responsibility and success would confer authority.

The history of the American, German, and Australian tariff unions (to mention only three instances out of many) shows that the constitutional consequences of economic union are centripetal, strengthening

## Political Objections

power, of the central authority. Just as the Zollverein strengthened the position of Prussia in Germany, so economic union would strengthen the position of the United Kingdom in the Empire. There is, indeed, an almost Prussian ring in the words of Lord Melchett:

We have, perhaps in an excess of reverence for the rights of selfgovernment or self-determination, permitted the developing selfgoverning Dominions to carry out fiscal policies of their own without any relation to the economic position of the Mother Country or of each other.

Any suggestion by the British Government that there might be established at Westminster a permanent body to decide or even to recommend to the Dominions what their tariff policies should be, would never get to the point of being considered. We ourselves would feel even more strongly about such a surrender of independence. General Hertzog recently spoke publicly of his fear lest "the Empire which the Economic Conference of 1926 formally discarded as such will actually be reinstated in a backstairs way by the Empire economic union."

From a constitutional point of view, therefore, the idea of economic unity is a retrograde step. It is an attempt to reverse the direction of development. Thirty years ago there were still many men in all the Dominions who hoped and worked for the creation of a federal constitution for the Empire. Had it been possible in 1901 to bring into being an Empire economic union, the British nations might have been drawn more closely together, and the way prepared for the creation of a federation. But the developments of the last thirty years have been in an entirely different direction, nowards the free association of independent nations. The wise policy at the present moment is to attempt to progress along the lines already drawn, not to turn back towards the past.

This point is driven home by two recent examples of the independent spirit of the Dominions. In 1929 South

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Africa signed a commercial treaty with Germany by which each party undertook to give to the other most favoured nation treatment; and in the treaty the term nation was so defined as to include Great Britain and other Dominions. The result of this treaty is that in all future revisions of the tariff, including those which involve fresh measures of preference for Imperial goods, South Africa would have to extend to Germany the same concessions as she does to other members of the British Empire.

The events which have convulsed India during the last six months show an independent temper which cannot be mistaken, and because India is the largest single market in the world for British goods the importance of her people's mood must not be underestimated. The Indian Assembly, when imposing a tariff to protect the Bombay cotton mills, refused to grant any preference to piece goods of British origin. And this refusal was a mild measure in comparison with the effective boycott of British goods which has been organised by the Congress party. The South African commercial treaty and the Indian boycott plainly show that such proposals as those of Lord Beaverbrook would have no chance of being adopted by the Imperial Conference.

### VI. THE COLONIAL EMPIRE

Lethe position when he asserted that what he called the non-self-governing Colonies could be brought into fiscal union with the United Kingdom by the action of Parliament at Westminster. The fact is that either the existence of a treaty or the different degrees of self-government possessed by these colonies would effectively prevent any such development. Mandates of course occupy a special position. The mandatory Power that administers the territories has undertaken treaty obligations to the League of Nations, and is bound by the terms thereof, though

The Colonial Empire . .

be administered as an integral part of the mandatory's territory. In the case of B mandates, the kind applied to Tanganyika, it is permissible for the mandatory "to constitute the territory into a customs, fiscal and administrative union or federation with the adjacent territories under his own sovereignty or control," but there is a proviso that equal rights in commerce and industry must be maintained for the nationals of States which are members of the League of Nations. Countries coming under class A mandates, such as Palestine, and until recently Iraq, which stand on the threshold of independence, have their own tariffs, but these tariffs too must give equal access to all members of the League of Nations.

Futhermore, there are in existence two treaties which make it impossible for any of the Colonies in either East or West Africa to grant reciprocal preference in respect of the United Kingdom or other British goods. The first of these is a convention concluded between the United Kingdom and France on June 14, 1898; the second is the convention of St. Germain-en-Laye of September 10, 1919, the signatories being Great Britain, the United States, France, Belgium, Italy, Japan, and Portugal. These two treaties entitle the signatory Powers to equal treatment in all matters relating to residence, business, taxation, trade, and duties on merchandise in the areas covered by the conventions. The first of these conventions expired nominally on June 13, 1929, but neither Power has given notice to terminate the article covering tariffs, and until this has been done Nigeria and the Gold Coast are prevented from giving any tariff preference to British goods. The convention of St. Germain-en-Laye was for ten years, and the opportunity for revision will shortly arise; but until these existing obligations have been terminated it would be impossible for African Colonies to enter into any general scheme of Imperial Economic Union.

Nor is it possible to assume that limitations by treaty
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are the only obstacles. In many Colonies customs duties are the chief source of revenue, and in not a few local industries have grown up behind a protective customs barrier. Tariff questions touch local interests more closely than most other matters, and it would cause a series of violent altercations if the Colonial Office were to attempt to dragoon the Colonies into carrying out some common policy involving an extension of preference towards Great Britain. Most of our colonies and dependencies, indeed, have passed the stage when any such attitude would be possible. We might as well attempt to return to the old colonial system which did so much to alienate the American Colonies.

#### VII. CONCLUSION

THE train of argument which has been followed in this article leads to the conclusion that the scheme for Imperial economic unity is subject to severe practical limitations as well as economic dangers. Enough has been said, moreover, to indicate that any attempt to move far towards it at the forthcoming Imperial Conference would involve very great risks, not only because of the objections to the scheme itself but also because a political assembly of more or less transitory governments is no place in which to strike bargains of so technical and complicated a kind. Such a negative conclusion at once provokes the questions, "Do you propose that nothing should be done? Is not the present emergency also an opportunity? Should the Imperial Conference be altogether barred from discussing these weighty problems of Imperial trader?"

In order to answer these questions, it is necessary to return to the point from which we started. As usual, tariff questions have been revived by the experience of a serious economic crisis. The last occasion on which tariff reform was a living political issue was when Mr. Joseph

### Conclusion

Chamberlain launched his campaign immediately after the Boer war. The ground was prepared for that agitation by the experience of the decade 1890 to 1900, during the major portion of which the world suffered from a severe commercial and financial depression. Nobody reading the history of those years can indeed fail to be struck by their remarkable similarity to our present condition. The commercial community everywhere suffered from falling prices, rising real wages, general over-production of commodities of all kinds, increasing unemployment, and a severe crisis in the United States (that of 1893) followed by a period of low bank rates.

Remedies very similar to those now being dinned into our ears were suggested for this economic fever, but the small beginnings of Imperial Preference were the only positive measures adopted. The Chamberlain agitation died a natural death as the upward movement of the trade cycle that developed into the boom period of the first decade of the twentieth century lifted the trade of the world out of the depression of the 'nineties. Must the same process of waiting upon events be followed in 1930, and is it impossible to apply the Imperial idea in any practical way? The opportunity is surely too good to miss. What developments can be expected from the Imperial Conference?

In the first place, much remains to be done in a non-controversial field. There are many ways in which science, by increasing production, improving the product, and lessening loss from disease and pests, can increase the sum of trade more effectively than any tariff. A case of particular importance at the present time is the study of the problem of freezing beef. At the present moment Australian beef is frozen, and when it reaches this country is of an inferior quality to chilled Argentine beef. No tariff upon Argentine beef could give as real assistance to the Australian graziers at this moment as the scientists who are making a careful study of refrigeration. But the number of such problems is legion, and the Governments

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represented at the Imperial Conference can materially assist their solution by generous financial assistance.

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Then there are the recommendations of the British Preparatory Committee for the Imperial Conference, that an attempt should be made to fix standards for the Empire. Here again example carries more weight than mere recommendation. The work done by President Hoover when Secretary of the Department of Commerce in fixing standards for such things as screw threads, wire and pipe sizes, and reducing the number of variants of a single product, has played an important part in the reduction of the unit cost of production which makes America so severe a competitor in export trade. The furtherance of British rather than American standards throughout the Empire is

a matter of great moment.

But, however important such ways of helping may be, they only fill the Empire Free Trader with impatience. Will the massacre of tsetse fly, the standardisation of screws, the rapid freezing of beef, secure for the industries of this country a stable and an assured market? Can then nothing be done on the lines of Imperial Preference? The answer is, no doubt, in the affirmative. But it is all a question of degree. Something can be done, and what could be done, given certain conditions, is of importance, though, as will be clear from what has already been said, it will necessarily be within certain well defined limits. There are undoubtedly commodities upon which an import duty could be imposed to enable preference to be given to the Empire which would materially assist Imperial producers and at the same time would not seriously affect the general commercial or industrial position of Great Britain. No doubt what is actually done will be a matter for the judgment of each successive British Government, and the temper of the present one does not encourage any expectation that such duties will be imposed by it. But that is not in itself of vital importance. What is important is the expression of policy which is going to emerge from the

### Conclusion

Conference. A declaration by a Labour and Free Trade Government that it would respect the principle of substantial Imperial Preference whenever imposing or altering a duty would do much to encourage the extension of preferences for British goods in the Dominions. An informal agreement, entered into by Great Britain and the Dominions to consider trade and governmental representations from other parts of the Empire before embarking upon any major tariff revision, would do even more. This interchange of views might be supplemented by periodic trade missions those recently despatched to China and the Argentine. The expansion or reorganisation of the Empire Marketing Board and the Department of Overseas Trade, or even the creation of a small central secretariat to act as a clearing house for these questions, may be implied in the above suggestions; that is a matter to be worked out in detail and is beyond the sphere of the present article.

These, anyway, are things that might be done. There are many things which cannot conceivably be done, though the politicans and pressmen urge that they must be done. There are other things, likewise urged upon us, which it would be physically possible to do but which would spell danger to the economic position of the Mother Country and to the political future of the Empire. Foremost among them seems to us to be the use of the Imperial Conference as a market for the arrangement of detailed tariff bargains, which are necessarily subject to the vicissitudes of political fortunes in half a dozen countries and are apt to turn the mutual collaboration of friends into an ignoble strife over commercial advantage.

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THE Englishman abroad has not the reputation of being hypersensitive. As a traveller he is rather notorious for his indifference to foreign manners and customs and to public opinion which attaches importance to their observance. As a mere passenger, who has crossed over the Channel for a few days or weeks into another world, he can afford to ignore the funny habits of the Continental, and even to abandon restraints which he would be the first to uphold at home. It is rare that he has either the time, the curiosity, or the linguistic attainments necessary to discover what the Frenchman or the German or the Italian are saying or thinking about his own country; and even if he knew, as a rule he would not care. A favourable judgment he would accept as a matter of course; criticism he would be prone to dismiss as inspired either by jealousy or ignorance. But when the Englishman lives abroad he is apt to become a much more receptive and susceptible creature. He finds out that onlookers sometimes see a lot of the game and that foreign estimates of English problems and achievements are infrequently penetrating and well-informed. further realises that, whether right or wrong, they are important, because our position and power in the world do to a great extent depend on our prestige, which is after all what other people believe about us. It is, therefore, perhaps worth while to attempt the impossible task of present ing a synthetic view of England from without. Like all 766

Is England on the Downward Grade?

such generalisations, it can only be a crude thumb-nail sketch, but it may serve to bring into relief some features of the true picture which are usually blurred to home observers by the fog of domestic politics or by excessive familiarity.

### I. Is ENGLAND ON THE DOWNWARD GRADE?

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A T any time during the past hundred years most impartial witnesses would have admitted without hesitation that England was living in the greatest period of her history. Throughout the nineteenth century her commercial, military, and territorial power was uninterruptedly expanding. Her wealth and influence were far in excess of those of any other country. Through trade or through direct rule she controlled the most fruitful regions of Asia and Africa; through finance she exercised a considerable hold on America, both North and South. She was the world's creditor and the world's purveyor. London was the nerve centre of the universe as no city had ever been. To this supremacy there was only one apparent rival in sight. The military ambitions of Germany, backed by a phenomenal industrial development and a growing naval power, offered the first menace to British security that it had known since the fall of Napoleon. But after four years of struggle that menace too was eliminated. At the end of the war England stood apparently in a position of more overwhelming predominance than any that she had previously enjoyed. It was the climax of three hundred years' unceasing effort, which had raised her from an unimportant island in the third rank in the European hierarchy to an empire of unparalleled power and magnitude.

And yet to-day there is a distinct note of query in foreign appreciations of the English situation. The doubt is heard abroad whether the triumph of 1919 was not the attainment of a zenith which is now definitely passed, whether the

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political and economic transformations produced by the upheaval have not in the end turned out to the detriment of England rather than to her advantage, whether the immense exertions which she put forward have not so loosened her traditional structure as to make it incapable of responding to the needs of a new age. Voices are not wanting of shrewd economists like M. André Siegfried, which predict the gradual decline of a country which has lost its internal equilibrium through over-industrialism, and which can no longer support its urban millions by a worldwide trade now fatally hamstrung by newly found foreign efficiency and by newly framed foreign tariffs. is even growing that the old spirit of enterprise is waning, of which the latest proof is seen in the refusal to construct the Channel Tunnel. Foreign opinion has been greatly impressed by what it regards as a retrograde attempt to obstruct the natural development of international communications, prompted by antediluvian fears and a want of business imagination which have not usually guided British action in the past. Then again there are foreigners who think that the Balfour Declaration heralded the beginning of the end of the British Empire and the establishment of dyarchy the twilight of British rule in India. Yet others among those who worship Mussolini without at all understanding his works claim the advent of a Labour Government to power as the final proof of English decadence. Lastly, there are those in growing numbers who detect in the colossal growth of the United States the portent of a new world, in which American hegemony will gradually supplant British.

This medley of opinions is not by any means of equal value. Some of them may be just the uninstructed reaction of the crowd arguing without knowledge of the deeper forces which are shaping international relations; others may be the naïve expression of beliefs which are really hopes in disguise. They are certainly not all of them negligible, however, and the Englishman abroad when he

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goes home to look for reassurance sometimes finds symptoms which increase rather than diminish his uneasiness. He is particularly struck by the mood of fatalism and disillusionment which seems to pervade every section of English society, the unaccustomed absence of confidence which appears to be paralysing not merely business but the national energy and will-power, the lack of trusted leaders, though a strong man from any party and of any political faith would command almost blind obedience, as the astonishing blaze of enthusiasm for Mr. Snowden after the Hague Conference seemed to suggest. But neither in industry nor in politics has an outstanding leader appeared. The old generation seems practically played out. They most of them bore a heavy burden during the war, and the strain has left its mark. Moreover, they were bred in ideas and methods which are less and less reconcilable with the atmosphere and the problems of the post-war world. middle generation are not yet coming forward to shoulder the burden in sufficient numbers or in sufficient quality, partly because so many of them died on the battlefield. The young men, who look good in spite of all the abuse that is showered on them because they do not worship all the ancient gods, are not yet ready to get into the saddle. The result is a lack of thrust and purpose in national affairs and a consequent depression of spirit, which is horribly contagious. It is true that, as one acute foreign observer has remarked, "England can live without great men comparatively longer than any other country," but even England with her highly developed political sense and her instinctive concentration on vital issues cannot dispense with decisive and courageous leadership for too long. It was not perhaps a together fanciful to see in the adulation poured out upon Mr. A. P. F. Chapman, when he proved himself a capable captain in the first test match, the expression of a want keenly felt in larger matters. To the home-coming Englishman this "complex," as he must learn to call it, not of desperation, for that is too violent

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a word, but rather of resignation, is distinctly unsettling Of course he knows that to grumble is a sacred right to every Englishman, but there is a great difference between the grumble of active dissatisfaction and the grumble of passive pessimism. In search of an antidote or a drug public interest seems to the outsider to be drowning its troubles in an orgy of sport. Tens of thousands attend cricket or football or tennis on any day of the week, and a century in a test match is apparently of much greater national moment than a sharp rise or fall in the unemployment figure. A Canadian did venture to suggest in The Times that sport was commanding an undue share of public attention, taking for his text the installation of a frigidaire at Wimbledon to ensure the perfectly even bounce of the balls; but his gentle query whether the country could really afford it did not waken an echo. Indeed, to the visitor who only sets London the answer might well appear to be in the affirmative. Its impression of boundless wealth and imperturbable solidity is as overpowering as ever. A decade can hardly be accused of poverty which has seen the reconstruction of a great part of the centre with huge buildings, which only refrain from rivalling the sky-scraper because of restrictive by-laws, and which has provided innumerable flats with every modern luxury at rents which soar upwards from £500 a year. But then London is not the industrial capital of England. It receives and spends the profits of English enterprise all over the world, but it is not the mirror of its workaday life. In so far as it has turned to industry, it has become the centre of new trades, which have started with a clean sheet, modern plant, and no inherited tradi-It is not altogether an accident that the unemploy ment percentage in the metropolitan area is less than half The aspect of that in the north and the midlands. London, indeed, is far from depressing. Its finance is still supreme in spite of New York, though with greater effort. Its riches are apparently unabated, while the standard of life and the housing of its workers have noticeably

# Is England on the Downward Grade?

improved. It is even becoming conspicuously cleaner, though this gain to health seems to be threatened by the miasma of petrol fumes, which hangs in all its principal streets unless a gale is blowing.

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But London is not England. It is the brain but not the The current of the nation's active life can only be truly tested in the countryside and in the mines and factories of the north and midlands. Here the picture is much less reassuring. The agricultural depression, which began forty years ago, and which has only since lifted for a moment under the artificial conditions of the war, has once more settled down like a deadening blanket. The foreign critic is forcibly struck by the fact that in 1921 there were only 1,164,000 persons engaged in agricultural occupations in England, as compared with 9,023,000 in France, 9,762,000 in Germany, and 10,264,000 in Italy. How much smaller will the British figure be when next year's census is taken? And yet, at a time when export trade is shrinking under the stress of foreign competition, to restore a part of the population to the land and to increase the volume of home-grown food would look to the outsider to be one of the crucial problems of British statesmanship. It is true that all parties are beginning to talk about it, but any . real-change in the distribution of population between town and country would involve an agricultural revolution as radical as that effected by the Enclosures. Protective duties or bounties will not by themselves revive English or Scottish country life. They might resuscitate agricultural prosperity, which is highly desirable, but it may be doubted whether in view of the extending use of machinery on the land they would greatly augment the number of persons employed. The hopes raised by the Small Holdings Acts have not been realised, mainly because the extinction of the peasantry has largely destroyed the love of the soil. Between 1895 and 1925 there was no increase in the number of holdings under 50 acres in England and a decrease in Scotland. The rural population has become a proletariat 771 GGG

seeking progress along industrial lines in the direction of higher wages and shorter hours rather than in that of ownership with the incessant toil and risk which it involves.

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In foreign eyes England has had to pay a high price for the obliteration of the yeoman at the beginning of last century at the very time when France was creating a large class of small owner-farmers, her greatest gain from the Revolution If France is feeling the present world-wide depression less severely than any other country, it is largely because she has managed to maintain the balance between town th and country.

To pass from the countryside to the industrial regions of the North, is something of a tonic, despite their murky skies and the troubles by which they are beset. plenty of grit and determination to be found by the most superficial observer among all ranks in the face Although one of these hard times. sees smokeless chimneys, idle looms and dejected seekers after work on every hand, it is difficult to believe that those stouthearted Lancashire and Yorkshire men and women will not somehow fight their way through. At present they are heavily handicapped by their own virtues of tenacity and optimism. Even their towns are evidence of their dislike of change. What was considered excellent housing half a century or more ago is now mean, dingy and antiquated. It compares very unfavourably with the modern conception of workers' accommodation as illustrated at Siemensstadt or Lens. But like so much else in the North, the houses are solidly built and defy the condemnation of a new generation. Both employers and workpeople are obstinately loth to admit that their old ways are no longer good enough. are dozens of mills which are hopelessly out of date. were built, many of them, in the early or middle Victorial Their lay-out, their machinery, their lighting and, their organisation all belong to a bygone age. would be hard to find anything so old or so inefficient

John Bull's Capacity for Adaptation

Germany or the United States, except perhaps, in some

of the textile towns of New England.

But these outworn factories in the North still stand there gauntly struggling along with reduced staffs in the hope of profits somehow returning, which will enable them to pay off their overdrafts and recover their vanished prosperity. Every outside investigator has pronounced that they cannot and ought not to survive, but while they stand, they are barring the way to reconstructing n town the cotton industry on large-scale, up-to-date lines. The foundations of this reconstruction have been laid, but its success depends on the disappearance of the small, oldfashioned mill-owner, who cannot meet the demands of post-war competition with Japan and Italy, and on the waiving of old trade-union prejudices against machinery and methods, which our foreign rivals are exploiting unremittingly. What is true of cotton, looks to be largely true of coal and steel also, and those three industries are the pillars upon which England's commercial fabric has been reared.

#### II. JOHN BULL'S CAPACITY FOR ADAPTATION

THE real question at issue here, as in the whole field ▲ of national endeavour, is whether or not the Englishman is capable of adapting himself to new conditions. More than twenty years ago a very friendly American critic already doubted his capacity to do so. In his view, "nothing but a tremendous, almost miraculous, wrench can turn our stout, honest, red-cheeked, sport-loving John Bull away from his habits of centuries, to compete with his virile body against the nervous intelligence of a scientific age.... The nations are playing a new game now, and some of them seem to play it more brilliantly and more successfully than he does. Though one may praise, and praise honestly, the game he has played,.....this need not interfere in the 773

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least with the conviction that he is being caught up withwhich means, of course, 'ere long left behind—in the far more scientific game that Germany, Japan and America are now playing\*." These words were written some years before the war, but they accurately represent what many foreign observers are now thinking in their hearts. No doubt Germany and Japan appear rather less formidable now than then, but America looms much more formidable. All three are utilising science in industry more thoroughly and effectively on the whole than we are; and the most scientific player is the one who now scores most points in the game. Is the present crisis likely to give that "tremendous wrench" to John Bull's outlook, which is needed to restore him to a winning position? Is the country so fatally enmeshed in traditional habits of thought as to be unable to conform to the more strenuous requirements of a new era? That is the riddle which the Englishman abroad hears repeatedly discussed, and to which he anxiously looks for an answer. After sifting and classifying his own impressions and analysing the views of foreign observers, he may, perhaps, be led to some such provisional conclusions as these.

In the first place, in the field of imperial politics one difficult and far-reaching transformation has already been successfully accomplished, so successfully indeed, that the English themselves have hardly realised its full import. The position of England herself in the Empire has been radically changed. The famous flexibility of the British constitution was used to such purpose in 1926 that the Dominions obtained the recognition of their practical independence "without a division," so to speak. This in itself is an enormous achievement and does not suggest that the English have lost all adaptability or are blind to all the teachings of history. But is the net result to surengthen or to weaken British prestige in the world? As might be expected, foreign opinion is still

\* England and the English, by Price Collier, 1909, P. 271.

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puzzled and hesitant. When the Dominions were first admitted as members of the League of Nations, it was generally assumed abroad with an expressive shrug of the shoulders that England had managed to secure six votes instead of one by a particularly ingenious dodge. Since then it has become growingly obvious that the Dominions have minds and interests of their own, which are by no means invariably identical with those of Great Britain. From this, and more especially since the birth of the Irish Free State, the foreigner has been inclined to swing to the other extreme and to conclude that the British Commonwealth is in the process of disintegration, that it can no longer be counted upon to act as a unit in any future international crisis. To some extent this is true, and to that extent British power in the world is not so unqualified as it was before the war. On the other hand, anyone who knows the Anglo-Saxon attachment to selfgovernment and has read the history of the United States from 1750 to 1786, realises that there was no practical alternative to Dominion autonomy, and it may be noticed that Americans, perhaps just because they are particularly familiar with that bit of history, are much less disposed to expect the early dissolution of the British Empire than the European who does not understand the psychology of Anglo-Saxon communities. On the whole, the complete revision of the relations between England and the Dominions may ultimately strengthen the bonds between them. The latter, now that they are exercising most of the responsibilities of independent States, probably comprehend much more clearly than ever before how infinitely weaker their international status would be, if they had to paddle their own canoes all by themselves. Great Britain, on her side, is also coming to adopt quite a different attitude to the Dominions. There are no "Little Englanders" left nowadays. All parties, from the Die-hards to the Trade Union Congress, are now genuinely anxious to work out some closer reciprocal arrangements with the Dominions

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in the economic sphere. But the foreigner who looks at the facts realises that it will not be easy to find the means, however unanimous the agreement as to the end. present the combined population of the Dominions is less than 25 millions, while Europe, which lies at our doors, has a population of 438 millions, including Russia. trade, import and export, with the Dominions is £445 millions, while with Europe it is £682 millions. It is because tariffs are two-edged tools for an exporting country that English instinct has distrusted them, not because of any abstract devotion to the theory of free trade, which is generally believed to be utterly alien to our empirical turn of mind. We might pay too high a price for the economic integration of the Empire, if it were bought at the sacrifice of important British markets in the rest of the world. Any further shrinkage of British commerce would do more to weaken the Empire as a whole than any other single thing. On the other side of the account is the additional strength which might be derived from closer linking with the Dominions. It is a delicate problem, which can only be successfully handled in a mood of cool calculation, not in a spirit of risking a desperate throw. The world is watching the outcome with close attention, as it realises that very large political and commercial issues depend upon it. The next ten years will go far to supply the answer.

But though it be true, as a foreign observer puts it, that "the new Constitution of the British Commonwealth represents a real weakening of the Empire,"\* it may contain other elements of unsuspected strength. Next to our relations with the Dominions the greatest problem before British statesmen is our relations with the United States. The presence of Irish and Canadian Ministers at Washington has probably done more to dispel American illusions and suspicions about British policy than anything that could have happened. The events of the last ten years

\* England, by W. Dibelius, p. 86. (Jonathan Cape.)

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have removed the principal barriers in the way of Anglo-American understanding, and the signature of the naval treaty will prevent the creation of another, which might have proved more dangerous than any. There seems to be no real obstacle in the way of co-operation between the different branches of the Anglo-Saxon race. This is a fact which has been fully seized abroad. The jibes at the surrender of British sea-supremacy are largely prompted by the fear of the establishment of an Anglo-Saxon wardenship of peace and order. The weakness of the League of Nations has always lain in the inability of Great Britain to lend all the force of her support to the enforcement of the Covenant in the uncertainty of American co-operation. The Kellogg Pact, therefore, marked an important turning point as indicating the recognition by the United States of an international obligation to prevent war. No two political groups are more concerned with its prevention than the British Commonwealth and the United States, and together they could practically ensure it. On this basis it is not impossible that they may be drawn steadily closer together, not in the shape of any alliance, but in the community of action, which springs from common aims pursued in the same spirit. But · unless the bugbear of naval rivalry is effectively removed, no real co-operation with America is possible. Instead, there may be a growing estrangement with results that can hardly be imagined as favourable to British interests. The country has, therefore, every reason to be grateful to Mr. MacDonald and Mr. Hoover for having taken the big view and ignored the more extravagant professional claims of their respective admirals. Here, too, a clear, sensible lead was given, and public opinion accepted it almost without question. There are, of course, some who lament the passing of British naval superiority over all other Powers, but to the detached spectator Anglo-American friendship looks a far firmer basis on which to rest British prestige than Anglo-American naval competition, 777

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which would create the impression that England was living under a perpetual menace and which in the judgment of the world at large would probably result in favour of the wealthier and more populous country. Here again then, British policy since the war has shewn itself capable of adaptation to practical realities, even at the sacrifice of one of its most cherished traditions.

But at the moment foreign telescopes are concentrated more on India than on any part of the Empire. Abroad, the inherent difficulties of the problem are scarcely appreciated at all. The communal feuds, the illiteracy and poverty of the population, the social effects of the caste system, the nature and extent of the Indian States, are all factors which are hardly understood by one foreign newspaper reader in a thousand. The only point which he really grasps is that there is an overwhelming demand for self-government, which threatens the foundations of British rule in India, to which should be added that in France and Holland there is considerable anxiety lest events in India should further encourage the nationalist movement in Indo-China and Java. On the treatment of this most perplexing of all problems our reputation for statesmanship will be judged. examples of Quebec and the Transvaal have not been lost on the outside world. On the whole, the liberal tradition in imperial affairs has been a more potent source of strength than would any oppression of minor ities, however temporarily successful. It is therefore perhaps fortunate that it falls to a Labour Government to find the solution of the Indian enigma, but it will need much greater gifts of imagination and delicacy of touch to reach an understanding with India than with the Dominions or the United States, or even with Ireland, whose thoughts run more or less in the Anglo-Saxon channels. To comprehend the point of view of a people, whose mentility is mystical rather than practical, who attach much more weight to the proclamation of principles

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than to their detailed observance, whose susceptibilities are far keener than their sense of realities, is a task of exceptional difficulty. It is perhaps an apparent want of sympathy rather than its concrete conclusions which has earned the Simon Report such a hostile reception in India. With its precise marshalling of facts, its lucid, dispassionate reasoning, its cold, unemotional style, it has all the merits of a first-class state-paper such as appeals to the British mind, but for that very reason it strikes a repellent chill into the Indian who looks for something more human, more appreciative of his national aspirations, and less insistent on his national shortcomings. But whatever his objections to the Report, it is a pity that its contents cannot be made more widely known in other countries, in order that the world at large may have the eîements upon which to form a reasonable judgment. There is a general feeling that British ingenuity and experience will somehow find a way out. If they do, it will redound immensely to our credit. If they fail, even if British rule is maintained by forcible means, its authority will have been seriously diminished. Moreover it appears that the effects on British trade of political hostility are sometimes overlooked. Although the commercial aspect of the problem is of secondary importance, it is forgotten by some people that our share of imports into India has fallen from 62.8 per cent. before the war to 44.7 in 1928-29, but even then represented nearly 12 per cent. of our total exports.

The situation in domestic politics seems perhaps rather less encouraging than it is in respect of foreign affairs, without giving ground for any real pessimism. It is evident that the parliamentary system, and with it the democratic conquests of the last century, are everywhere on their trial. Parliamentary government has been practically discarded, at any rate for the moment, as unsuitable to their particular needs in Italy, Spain, Poland, and Jugoslavia. It is far from firmly rooted

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in Germany, and is the subject of perpetual criticism in France. Any sign of its weakening in England, from which it was derived, would therefore have widespread reactions. For this reason the development of British politics is the subject of constant study abroad. The completion of the male franchise in 1918 and of the female franchise in 1928 rounded off the democratic cycle initiated by the Reform Bill of 1832. For the first time England is a thorough-going democracy. The immediate result has been the rise of the Labour party to power and the disappearance of the two-party system. A disturbance of the whole parliamentary rhythm has been the inevitable consequence. The open secret of the success of British parliamentarism has been the guarantee which it has afforded of a strong executive based on a firm majority in the House of Commons. failures of Continental parliamentarism have been mainly due to the absence of such a guarantee. Previous British Governments have always offered a solid front, both at home and abroad, because they were independent of any opportunist groupings or manœuvrings for their maintenance in office. The three-party system has destroyed that solidity. The temptation or rather the political necessity which pushes the Opposition parties to thwart and humiliate a minority government has introduced the element of instability so familiar in European Parliaments. A Government that is exposed to recurring snap-votes and narrow shaves cannot govern in the English meaning of the word. It is driven to all sorts of calculations, shifts and expedients instead of carrying out a coherent and steady policy. It is certain that British prestige has distinctly suffered as a result. A Government which negotiates, whether about Egypt or naval disarmament or India, without the knowledge that it can obtain the subsequent assent of the House of Commons, to say nothing of the House of Lords, is at a serious disadvantage.

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This anomalous situation is defended as wholesome on the grounds that it was necessary to educate Labour in the art of government and that it is likely to be merely transitional. The weight to be attached to the first of these arguments is problematical, but the second merits some consideration. Assuming it to be true that the present three-party system will before long resolve itself into a duel between Conservatives and Labour on familiar lines, what are the national consequences likely to be? Writing some years ago, Professor Dibelius asked these questions:

Can English parliamentarism maintain its old level? It depends on its success in assimilating to the ancient aristocratic surroundings the democratic elements that have to a large extent found entry since the 1918 Act. . . . Does the 1918 Act mark a transition to American shirt-sleeves politics, from which every decent, patriotic and well-bred person holds aloof? Is public life in England to be governed merely by the crude diagonals of cunning and force in the nation, to degenerate into a prize-fight, in which capitalism, decked out in the trappings of democracy, exploits the instincts of the masses for its own ends?\*

Allowing for a certain prejudice in the professor's mind against both democracy and capitalism, these are none the less pertinent questions, and to some extent the materials for an answer have become available since they were put. There is no present indication that English politics are likely to follow American precedents. The Labour party, like its two predecessors, is not manned by tame mouthpieces of interests, but seems to be drawing its recruits from all sections of the population. In office it has shown considerable capacity to assimilate tradition, and its government has found itself subject to the invariable limitations and moderations imposed by the necessities of administration and finance, so much so that it is coming to be regarded as reactionary by the Left Wings of the Continent. In fact, the transition from semi-democratic

<sup>\*</sup> England, Dibelius, pp. 236 and 239.

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to democratic politics has hitherto been effected with remarkable smoothness. Labour has proved so far from "unfit to govern" that its opponents prefer to keep it in office rather than bear the responsibility of some of its immediate cares. It has not produced the best government in English history by any means, but it has also not produced the worst. By taking its place in the succession of things, it has shown that its advent is in no way incompatible with the continuity of British parliamentary

government.

That is so much to the good; but the future is not free from dangers. To the intelligent foreigner a fresh struggle round the House of Lords appears inevitable, and the sooner the return to the two-party system the earlier its date. It is inconceivable to him that one party should have a permanent majority in one Chamber, even though its powers of arresting legislation are limited. other hand, the House of Lords is a part of the mechanism. Either its reform or its suppression may provoke violent storms, and when achieved may produce unexpected dislocations. Again, the inappropriateness of much of the procedure of the House of Commons to deal with affairs sensibly and expeditiously is becoming growingly evident. The immense complication of the business of modern government is in itself sufficient to make energetic action exceedingly difficult; but when to it are added the involutions of parliamentary machinery, its pitfalls, its delays, and above all its endless waste of time, it is not unnatural that people are heard to sigh for a deus ex machina, of rather a deus extra machinam, who would be able to slice the knots and cut the corners and get things done, as no Minister under existing circumstances can hope to do.

These seem from without two of the capital problems of English democracy. Upon their solution its fate may even depend, and not only its fate but, in a large measure, that of democracy everywhere. The laissez-faire liberalism of the nineteenth century is already dead. As private

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interests have grown in power and organisation, and as the demand for greater social equality has become more insistent, the State has been forced to extend its sphere wider and wider to protect or to promote the welfare of the general mass of citizens. The need for State action is no longer questioned by any party. It is useless for Lord Hewart to protest against the encroachments of bureaucracy. Once Parliament has admitted the necessity of State interference, as it has been admitted in England and in every other civilised country during the last thirty years, bureaucratic government becomes unavoidable. The House of Commons is anable to devote the interminable time requred to render Bills administratively watertight, and even if it were, no legislative foresight could deal with all the innumerable exceptions which are found in practice to every The real question in England, as in other countries, is not whether the powers of the bureaucracy are to be allowed to grow, but whether they are to be effectively supervised by the people or not. In a country where by his very title the bureaucrat is essentially the servant and not the master of the public, the danger of his escaping from its control does not appear very serious as long as parliamentary government endures. But if Parliament itself were to become so cumbersome and ineffective in its attempts to deal with the complex and difficult problems which confront it, especially in the economic field, that a real demand arose for some more incisive and arbitrary form of government, then indeed Lord Hewart might find a theme for many books, if he were allowed to publish them.

#### III. THE REAL TEST

NEVERTHELESS, in spite of these possible dangers in the future, the political outlook does not strike an outside critic as gloomy. A great revolution in the distribution of electoral power has been silently accomplished

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without debasing the standard of political honesty, without affecting the integrity of administration and without lower. ing the repute of British foreign policy. All this is regarded as another proof that the political sense which has intuitively guided the evolution of democracy in England is not extinct. Even a revival of the two-party system seems unlikely to produce an unrelieved antagonism between Capital and Labour. There are already too many bridges between them, and others are under construction. But the most perfect political machine is of little avail to a country, unless its inherent strength is maintained. Without that its foreign policy cannot reach its ends or its internal politics be kept in the channels of peaceful progress. England's international position or political prospects must therefore come back to her financial and economic difficulties, for their solution is the final test of her future standing in the world. It is on this point that informed foreign opinion discerns the symptoms of real danger. It notes that since 1924 the situation has become progressively worse. The debt service still stands at the colossal figure of £355,000,000 per annum. England alone of the belligerent States has refused to reduce her capital liabilities to any serious extent by inflation. By rejecting all such inroads on private capital, she has had to adopt the expedients of high income tax and succession duties in order to meet the interest without substantially diminishing the debt charge. At the same time the stabilisation of the pound at its pre-war value has in effect increased wages in most industries by something between five and ten per cent, while the Budget has grown from £790,000,000 in 1924-25 to £871,000,000 in 1930-31, although the cost of military pensions and of the armed forces has been reduced to the extent of £20,000,000. Most of this increase is on social expenditure, no doubt desirable in itself and much of it indispensable in order to improve standards of health and education, which are by no means too high, and to meet the prolonged and widespread unemployment. If British 784

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trade were increasing or even keeping its place, and if there were no heavy debt charges, there would be nothing to be said, except to express the doubt which seems to be making headway in all classes in England whether the administration of the social services is not open to the charge of needless complication and extravagance. But as British trade has declined from 14 per cent. of the world's total before the war to II per cent. to-day, as in the export markets it has been outstripped both by the United States and Germany, as even before the general depression it showed little sign of recovery, the question is arising in foreign minds whether the whole financial policy pursued since the war has not been more ambitious than the country could afford. "Was it not playing for too high a stake to liquidate the war by the classic methods of pre-war days, when all Europe was lightening its national debts by inflation or bankruptcy? And was it not asking too much even of the civic patriotism of the British to count on popular acquiescence in a painful policy of deflation?" These questions were asked by M. Siegfried six years ago.\* Unfortunately the answer is still far from clear. What is certain, however, is that without a much greater effort than has yet been made to revise the whole industrial and financial situation, the impression, which is already current in certain quarters, that England's financial strength is imperceptibly ebbing away, will gain ground. The real test will come in the next few years when business takes an upward turn. It will then be seen whether the thinking which has been going on during the last eighteen months is sterile or whether it has really put British industry on the way to recovery. Some of the signs are not altogether discouraging. The passage of the Coal Bill at last makes it possible for that industry to meet its competitors as a unit directed by a single policy. As the United Kingdom is by far the largest coal-producer in Europe, unity of direction coupled with technical reorgani-

\* L'Angleterre d'aujourd' bui, p.170 (translation).

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sation should go far to restore its position in the face of rivals, who have already carried rationalisation almost to The same is true of cotton. If the recommendations of Mr. Clynes' Committee are promptly and ener. getically carried out, and if political obstacles in China and India are overcome, there is no reason why a rationalised Lancashire should not regain not all but a great deal of its lost supremacy. In the iron and steel trade, too, there is nothing to prevent much leeway being made up by the introduction of modern equipment and management. There, too, a good deal of work is being done. In short, the position is by no means desperate, certainly not so desperate as in itself to warrant any abrupt departure from the theory of international trade upon which British prosperity was built up. There are signs that the present tariff mania abroad may have reached its most acute stage and may from now on abate its virulence. Even in the United States it is being found a dangerous remedy for a country which has once developed an export trade. Certainly 10 sufficient evidence has yet been produced to show that a protectionist system which reserved to the British manufacturer the home market, or even the market of the whole Empire in the improbable event of the Dominions agreeing, to sacrifice a considerable part of their industries, would really compensate him for the loss of world markets, which would almost inevitably ensue.

Seen from without, England presents a picture of great complexity, chequered with high lights and dark shadows. She is passing through a period of transformation, in which she is seeking to adapt herself slowly and painfully to the exigencies of a new era. Her international and imperial position has already been considerably modified. She is confronted by grave constitutional, political and social problems. The industrial, financial and commercial foundations of her power are no longer as secure as in pre-ward days. To find the path through the jungle of problems which beset her will tax the resourcefulness, courage and

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political capacity of her people to the utmost; but her achievements in overcoming successive crises in the past still engender the belief abroad that she will emerge successfully from her present troubles. In the last resource the outcome will depend on the persistence of those qualities which have made the country's greatness. Hard work, patient pertinacity, willingness to co-operate and vigorous leadership look to be more than ever necessary, both in public and private affairs. Beyond these are those "two specifically English assumptions—common sense and the transformation of the antagonist into a privileged colleague," upon which, in the judgment of a foreign observer, the English State rests. If the generations now coming into power have preserved these heritages, no one need despair of the future of the republic.

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# CHINA IN 1930

#### I. NORTH AND SOUTH

TWO years ago The Round Table\* recorded the end of the first phase of the Chinese Revolution in the words "the Nationalist movement has come into its own"; with the necessary caveat that "only the optimist" could declare that China had seen the last of militarism; 1930 proves the truth of both statements. When Peking fell it seemed as if an era of constructive progress had dawned, and that the road was clear for domestic reconstruction and the revision of foreign treaties; and during the eight months which followed, the promise of better thing seemed almost to be justified. But, by March 1929, the sky was again over-clouded and, to-day, China is once more in the throes of civil war, with the Nanking Government attacked by the most powerful coalition of enemies that he ever taken the field against it.

In order to understand in some degree how China has come to this pass, it is necessary to go back to the origin of the present Nanking Government and study the reason for the growing opposition to it which has culminated in one half of the nation taking up arms against the other half.

\* See The Round Table, No. 72, September 1928, p. 746.

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## North and South

The causes are partly political and partly racial. On the political side there are two fundamentally opposite principles at work. The Nationalist Government at Nanking stands for a rigid centralisation of control in the hands of a single Politically, the present Nanking regime is a close oligarchy, representing the predominant faction of the Kuomintang,\* which is itself in theory the sole embodiment of political power. This theory refuses to recognise the legitimacy of any Opposition, and the fiction of unity in the Party has been maintained only by the suppression or banishment of elements out of harmony with the predominant faction. All opposition has, perforce, been either driven abroad, or underground to swell the ranks of the Communist party, or forced to ally itself with those military leaders whose allegiance to the doctrine that the Kuomintang is supreme has stopped short of accepting their own political and military extinction. The present Northern coalition comprises not only military leaders like wn"; Feng and Yen who resent the family nature of the Nanking oligarchy and feel aggrieved at their own inadequate share in the financial fruits of the revolution, but also the section of the Kuomintang who have suffered expulsion in the ig fell periodical purgings that have been administered by the awned\_ uction predominant faction.

The political reasons for the present clash have been reinforced by the racial differences, both physical and mental, between North and South. The Southerners have never been popular in the North, and it is an historical fact that, whereas many dynasties emanating from the North have succeeded in imposing their rule over China as a whole, the reverse has never been the case. The Northerners, therefore, not unnaturally, are apt to consider themselves as the more virile people and the natural leaders of the country. It is from their point of view a misfortune that the revolution started in the South and that the leader of it, Sun Yat-sen, was a Cantonese. But the North does not

\* Lit.: People's Party.

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yet appreciate the evident fact that the South is richer those political qualities which the revolution to-day

requires.

The Northern coalition and their allies of the Kuangsi clique demand more local freedom to do as they please and, without attributing to them the least conception of as "federalism" or "provincia what such words autonomy" mean, we may call them the modern Chines counterpart of the "States' Rights" men of America in the eighteenth century. The foundation of federalism has ye to be laid; and the present conflict is largely due to th failure of the central Government and of its enemies alik to envisage the political treatment of the revolutionan problem in terms of a balance of interests and claims between the centre and the provinces. The immediate need of the country is, of course, peace: and peace is in the air to-day, though no one can bring her to earth Those who have studied the problem of peace can see that the task in China—as in Europe—is to give the undoubted national will to peace means of expression and the inetruments of its own preservation. The embryo of such an attempt was made in the disbandment conference of 1929, to which we shall return on a later page, and what is needed to-day is to revive the method of round-table con ference, not indeed to achieve immediate demobilisation for that is impossible, but to devise a modus vivendi; which will enable all leaders to "live and let live" at peace, whi the nation struggles to recover its political and social health

The truce which is the first step in this process should based on a mutual acknowledgment (a) that civil wo offers no solution; (b) that the National Government is certain powers and rights which it must exercise; (c) the North—including the provinces elsewhere as well-local rights and interests, the ignoring of which has led the war of 1930; (d) that the condition of China is critical that personal differences, which are rancorous, defined and real, must be put aside for the common good.

## North and South

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To return now to our narrative: it was an appreciation alike of the superior political aptitude of the South and of the importance of the North, that led Chiang Kai-shek, after he had succeeded in securing the temporary unification of China under the ægis of the Kuomintang in 1928, to seek the co-operation of the Northern leaders in the foundation of the new Government. In the summer of that year the Fifth Plenary Session of the Kuomintang Central Executive Committee met, and although the left-wing leaders held aloof, while others, notably Hu Han-min and Sun Fo, were absent from China, the session was on the whole successful in its main object, to bring into existence a constitution for use during the obligatory probationary period called for under the political programme of Sun Yat-sen.

For the time it seemed as if union was in sight. remained, however, outside the fold the small doctrinaire right wing, the important left wing and the Communists, who after their expulsion from the Party in 1927 continued to carry on their subversive propaganda underground. The whole-hearted co-operation of the North became therefore an essential factor in maintaining the stability of the party in power. On October 10, the anniversary of the first revolution, of 1911, Chiang Kai-shek was inaugurated as Chairman of the State Council and became ipso facto President of the Republic. To the State Council were appointed the three Northern leaders, namely Yen Hsishan, Feng Yu-hsiang and Chang Hsueh-liang. Of these Yen became Minister of the Interior, Feng Minister of War and concurrently Chairman of the National Defence Commission, while Chang, who held no substantive Ministerial post, may be said to have become a Minister without portfolio on the State Council.

During the period of comparative security which now ensued Mr. T. V. Soong, the Minister of Finance, took the initiative of summoning an economic conference in Shanghai (July 1928) at which leading bankers and merchants dis-

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cussed economic reconstruction, financial reform and demobilisation. Out of a total estimated national revenue of some 450 millions of dollars, it was found that no less a sum than 360 millions was being spent on the various armies; and even this figure did not include the sum levied in irregular ways by local war lords. It was, there fore, resolved by the conference that the army should be reduced to fifty divisions and that the annual expenditure should be limited to 192 millions. Disbanded soldiers were to be converted into military police and labour corps for carrying out constructive work of national importance.

Upon this rock of disbandment the promise of national unity foundered. The disbandment conference actually opened in January, 1929, and was attended by most of the principal military leaders. Resolutions were passed dividing the country into six centres, and the conference agreed to a maximum of sixty-five divisions of 11,000 men each and an annual budget, as previously suggested by the economic conference, of 192 millions. However, personal jealousy between the provincial military leaders and the fear that disbandment would increase the power of the central Government at the expense of the provinces brought these decisions to naught. Li Chai-sum, the Kuangsi leader in Canton, declared that disbandment was premature; while on the other hand Chiang Kai-shek's insistence upon demobilisation and his employment of German experts to remodel his own army aroused the jealousy of the other army commanders, more especially of Feng Yu-hsiang, with his famous Kuominchun,\* and Yen Hst shan, with his independent Shansi troops. These military leaders professed to believe that Chiang had determined to take advantage of his position as chief executive to increase the army under his own personal command while effecting the desired reductions and economies at their expense, thus reducing their actual and potential power and making It was hardly to be himself the virtual Dictator of China.

\* Lit.: People's Army.

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expected that the Northern militarists would submit without a struggle. Feng left suddenly in February and placed himself at the head of the Kuominchun, ostensibly to superintend their disbandment, but actually to prepare to seize control in Shantung as soon as the Japanese evacuation of the Tsingtau-Tsinan railway zone had been completed. General Yen Hsi-shan did not long remain in Nanking, but returned to his own province of Shansi and withdrew his active support from Nanking. Chang Hsueh-liang, on the other hand, drew closer to Nanking as Yen and Feng drew further away and in December, 1929, hoisted the national flag at Mukden, thus proclaiming at any rate a nominal adherence to the Party, which materially strengthened Nanking's position at home and abroad.

Previous to this, war had broken out between Nanking and the Kuangsi party in Wuhan, principally over the retention by the latter of revenues which Nanking claimed ought to be remitted to the central Government. It was precipitated by Li Tsung-jen's dismissal of Lu Ti-ping from Changsha, Lu being the nominal representative of Nanking in Hunan, as Governor. The successful issue of this campaign greatly increased Chiang's prestige, and the authority

of the National Government grew in proportion.

In the meantime, the third Party Congress after several postponements had assembled on March 15, 1929. In view of the state of virtual civil war in which the Party Congress was called, and of the necessity for keeping out not only the Communist element but all groups opposed to the regime in power in Nanking, the Congress can hardly be said to have been representative of the whole Kuomintang. The left wing under Wang Ching-wei, known later as the "reorganisationists," took no part in the Congress owing to disagreement among the party leaders as to their admission. The Congress when it met in March consisted of 356 delegates, of whom 205 were elected or nominated by district and central party headquarters and 151 were directly appointed by the central party head-

## China in 1930

quarters. The criticism that it was a packed house there fore seems to be fairly well substantiated. Meeting in these adverse circumstances, the Congress, in spite of an ambitious programme, had little opportunity for discussion but was obliged to pledge its unconditional support to the Government. A new central executive committee and a new supervisory committee were elected and Chiang remained in the post of chief executive with renewed power and

authority.

The serious menace of Feng's troops in Shantung led the National Government in April to request a postponement of the Japanese evacuation of the railway zone in that area for they themselves were unready to occupy it. It was generally supposed, though on somewhat doubtful grounds, that the National Government was prepared to permit Feng to occupy Shantung after the Japanese evacuation. and the virtual refusal to carry out this arrangement may be considered the origin of the breach between Chiang and Feng. The State funeral of Sun Yat-sen, which took place in Nanking on June 1, served to postpone for a little longer the outbreak of civil war. Shortly afterwards, however, Feng was dismissed from the Party and from his various government posts, and the State Council issued a punitive mandate against him as an open rebel. At'this juncture an unexpected event took place. General Han Fu-chu, one of Feng's leading and most trusted generals, who had been acting as chairman of the provincial Government of Honan, suddenly deserted Feng's cause and went over to Chiang Kai-shek. It was a severe blow to Feng and the Kuominchun, in spite of the fact that the bulk of his army remained loyal to him. The immediate result was to cause him to evacuate the greater part of the province of Honan.

This development forced Yen to declare his hand. Feng's defeat would inevitably be followed by his own elimination as a military and political factor, and this could not be contemplated with equanimity. With characteristic

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indirection he made known his attitude by making public a proposal that Feng and he should go abroad. It was manifestly impossible for Nanking to agree to Yen leaving his post, which would have thrown the North into confusion. Feng took prompt advantage of Yen's invitation and moved into Shansi. Recovering from his temporary eclipse, he now went so far as to issue a warning to the foreign Legations in Peiping (Peking) enjoining upon them the observance of neutrality in the coming struggle and at the same time giving assurances of protection for foreign life and property. Mild skirmishing broke out during June, and Yen severed all official connection with Nanking.

The situation was now critical, but Chiang met it with decision and courage. He went to Peiping to confer with Yen and Chang Hsueh-liang. His efforts, however, to persuade Yen to desert Feng were doomed to failure, and though the punitive mandate against the latter was withdrawn, Chiang left Peiping with the conviction that the two Northern militarists were united against him. addition the sympathies of the Kuomintang in the North now leaned to the left, while the Tang-pu, or local party branches, were themselves unpopular with the people owing to the tactless behaviour of many of their agents. Thus by the time of Chiang's return to Nanking there was a clearly defined split between North and South. Civil war on a large scale had become inevitable; and both sides began the necessary preparations. By May this year the opposing armies had taken up their positions at strategic points on the Lunghai railway and the Yellow river, and fighting, more severe than has hitherto been the case in China's civil wars, has since been going on almost uninterruptedly. The result so far has been indecisive, although the propagandist organs of both sides claim important successes. Rumours of mediation are rife, but if Nanking is to be believed, this time it is to be a fight to the finish and can only end with the complete defeat of the North. The Northerners, on their side, are equally emphatic in their

## China in 1930

declaration that the fighting can only terminate with the elimination of Chiang Kai-shek.

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Doubtless it will not be a fight to the finish. Despite the Government's remarkable success in extricating itself from a most critical position in Hunan, after the fall of Changsha in June, there can hardly be a decisive result in the North unless Chang Hsueh-liang chooses to throw the Manchurian forces into the struggle. That he will do so is unlikely, for the lesson of his father's career shows the risk of any adventure south of the Great Wall. None the less, the present war reveals the importance of the three eastern provinces in the balance of power in China; and when some result is reached in the campaign, it will probably be found that Manchuria holds the key to peace in the North. If Chang Hsueh-liang could bring himself to guarantee a genuine truce there could then be such a period of recuperation as is suggested above.

Meanwhile, both sides angle for his support, and on June 22 the Nanking Government formally appointed him "Vice-Commander-in-Chief of the National Army, Navy and Air Forces." He made no sign of accepting or declining; but well-informed observers believe that he inclines

towards Nanking.

#### Social and Financial Progress

So the matter stands, wrapped in uncertainty; and there for the moment we must leave it. But it would be a mistake to paint the situation wholly in gloomy colours. social progress of the revolution is never entirely arrested, even at the darkest moments of conflict; and much of the gain in the more progressive provinces during the past three or four years has been maintained. Considering the severe handicap under which any Chinese reformer labours to-day, the achievements of the province of Chekiang, to take but one instance, are a credit to its leaders. And there are signs that the constructive mind is at work in other fields

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there fields as well. Two of the most notable occurrences of the year are to be recorded in the domain of public health and of finance. The health organisation of the League of Nations sent its director to China last autumn on the invitation of the Ministry of Health, and as the result of an expert survey of quarantine, sanitation, public health service and other matters, an effective plan was made and is now being put into operation in circumstances which, while they forbid optimism, are only regarded by the progressive doctors of the Ministry of Health as a challenge to greater effort.

In finance, the Government can record progress too, not so much in any substantial extension of its authority over areas hitherto recalcitrant, as in the process of equipping itself with the machinery of budget and audit. Early this year the Finance Minister published the accounts of 1929, with a most illuminating and candid commentary on the conditions under which he collected and disbursed revenue. If his comment were only the isolated effort of one individual its importance might easily be exaggerated, but it must be regarded as but one step in a consecutive process, of which the equally remarkable discussions and report of the Economic Conference of 1928 were the beginning. It also represents a growing feeling in Nanking itself that the civil authority of the Government can only be made effective by a regular system of public accounts. To some it may seem hopeless and premature to discuss measures of peace while the country is at war; but to the far-seeing eye it is significant that some of the best minds in Nanking are deeply engaged on such problems, for it shows that they know that there is a way out of war to peace and that they are preparing it.

## Foreign Relations

While this article is mainly concerned with the domestic situation, there are two subjects of foreign concern which call for some comment: the seizure of the Tientsin 797

## China in 1930

customs by Yen Hsi-shan and the Chinese Eastern Railwa question. Yen took over the Tientsin Custom House as a act of war, and as such it must be judged. Whatever incom venience it may have caused to the port, to foreign shipper and shipping, it is not to be regarded as a matter in which foreign governments have any right of direct access to Yen if they desire redress of the tariff grievances of their nationals Tariff autonomy and foreign recognition of the National Government settled that once and for all. Therefore, it is merely turning back the clock for anyone to suggest that the foreign Powers can intervene, either by the consular collection of duties in Tientsin, or by negotiation with Yen. They must take their grievances to Nanking, where alone they can act. This would be clear as daylight if the Legations had not clung to Peiping long after it ceased to be the real centre of China.

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The Chinese Eastern Railway crisis is too long a story to tell here; and a brief glance at it must suffice. During 1928 and 1929 China had made remarkable progress in her foreign relations, securing diplomatic successes which raised her prestige both at home and abroad-a signal achievement for so distracted a country. In June 1929 the international credit of the Chinese Government rested on a more secure foundation than had been the case for many years. But within a month the scene was radically changed, for by her rash handling of the problem of the Chinese Eastern Railway China not only forfeited much foreign goodwill, but threw away substantial advantages in North Manchuria which she had gained during the previous five years. The result was to breed misunderstanding between the National Government and Manchuria, and to place China almost at the mercy of Russia? At the time of writing the Chinese Delegation in Moscow is engaged in the almost forlorn hope of extricating China from an impasse of her own making. No progress has yet been made towards agreement.

#### Conclusion

#### II. Conclusion

HUS at home and abroad the record of 1929 makes somewhat sombre reading. Internecine warfare has inflicted untold hardship upon the long-suffering people of the country. Banditry is rife and roving bands prey mercilessly and with every refinement of cruelty upon the helpless population of villages and towns. Communist groups, now widespread throughout the Yangtse region, and apparently well organised and supplied with funds, join with the bandits in a series of raids and terrorism of a character peculiarly their own. The people are in despair, trade and communications are practically at a standstill over large areas, and a condition not far removed from chaos is impending. Outrages on foreigners are becoming more and more frequent, and the British and American Governments have actually declared certain areas unsafe for foreign residence.

The prolongation of civil war can only lead to even worse conditions, and there is reason to fear an agrarian revolt, in which the exasperated peasantry, combining with the bandits and Communists, may rise throughout the whole of the Yangtse Valley and repeat the disaster of the Taiping

rebellion.

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Now, for reasons which must be obvious to the attentive reader, it is well nigh impossible either to give a clear account of present conditions or to estimate the probable result. Disappointment, not to say disillusionment, is the keynote. It is probably true to say that no Government which has been in power in China in recent years started with so fair a chance as the present one. After the wars of 1927-28 were at an end the people of China, especially the mercantile classes, began to take a greater interest in politics than had previously been the case, and although the limitations of the Government were recognised, they were

## China in 1930

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coming to the conclusion that in order to prevent further disorder support of the existing Government was essential. There was a general movement throughout the country to give Nanking a fair chance; and the Government thus received a measure of constructive co-operation which had been denied to all its predecessors. The support of the intelligentsia was enlisted at the outset by the patriotic professions of nationalism. The mercantile classes have submitted to heavy taxation and bureaucratic interference almost without protest, for, while apprehensive of the inexperience of the new regime, they pin their faith to the National Government, lest worse befall.

The magnitude of the task in front of the Government was perhaps not appreciated, but it was hoped that, with the support of so many in the country and the friendly sympathy of the foreign nations, it would be able at once to tackle the problem of reorganisation, and there is grievous disappointment that these hopes have proved vain. The ideals of the best leaders of the present Government are beyond question, but the man in the street looks to results; and the knowledge that they have failed to re-establish order, to prevent the old evils of corruption and nepotism or to ameliorate the lot of the people leads him to think that a reversion to the more traditional government of the Northern militarists would be a change for the better; and there is no doubt that the overthrow of the present Government would at first be greeted with considerable enthusiasm by many classes of people.

But that is a short-sighted view, and the enthusiasm for the North would be short-lived. No one in China expects a better Government from Feng, Yen, or the Reorganisationists than Nanking actually gives. The North, therefore, stands in Chinese eyes not for a satisfactory substitute for Nanking but for a protest against the short comings of Nanking, a necessary protest; and if Nanking reads the moral of this last war aright, it will reform itself and give the rebel provinces a squarer deal than before.

#### Conclusion

To sum up, the present crisis in China is one of the most serious in all her recent history. The first flush of enthusiasm for the Nationalist regime has faded away. The extravagant hopes of reform and reconstruction have vanished. Nanking's failure to make any serious attempt to stem the rising tide of banditry and lawlessness and the increasing burden of taxation, regular and irregular, have induced a natural desire for change. But this feeling is not supported by any real belief that a change in political control will necessarily be a change for the better. It is generally felt that with all its faults the Nanking regime has more to offer the country than the ill-assorted combination of military leaders and political extremists who are now in open rebellion.

China. July, 1930.

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# INDIA: THE REACTION TO THE SIMON REPORT

(From an Indian Pen)

T the outset it must be admitted that Lord Irwin's announcement of the London Round-Table Conference last October had the effect of belittling, as far as Indian political circles are concerned, the importance of the Simon Commission and its report. Lord Irwin himself may never have intended that his announcement should have this effect. But it is, none the less, a fact, and the Viceroy's statement, coming as it did long before the publication of their Report, lowered the prestige of the Commission in the estimation of Indian political circles. It will indeed be a long time before Indian politicians come to recognise the tremendous significance of the Report. Any estimate of the Indian reaction to it at this juncture can then in no sense pretend to finality, for the simple reason that no dispassionate analytical survey of the Report has as yet been attempted in India. In the months to come, when the first blush of the racial bitterness which at present pervades the whole country has passed away, a critical estimate of this kind is, of course, bound to be attempted by Indian publicists and politicians, but that time is not yet.

As it is, the Simon Report, since its publication on June 4 has been formally commented on on only five occasions. In the week of its publication the Indian Nationalist press issued some comments in an emotional and haphazard fashion; between July 3 and 4 the Moslem Conference at

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to opi India: The Reaction to the Simon Report Simla, meeting under the auspices of the All-India Moslem Federation, covered the Report in one of its sweeping resolutions; again, on July 5, 6 and 7, the sub-committee of the All-Parties Conference, under the chairmanship of Sir A. P. Patro, endorsed some of its salient recommendations in a rather disingenuous manner; between July 9 and 10 the Indian Jegislative Assembly began and concluded a debate on the Report; and between July 14 and 16 the Standing Committee of the Chamber of Princes reviewed it and boldly endorsed it.

The criticism of the Indian Nationalist Press certainly proves that Indian publicists have not as yet been able to recognise in the Commission's scheme of political reform, to quote the Manchester Guardian,\* "something greater than either" Dominion status or independence-in fact, "a self-governing federation unparalleled in the world's history, free and strong to shape its own destinies." In all the comments which have appeared in the editorial columns of Nationalist journals it has been pointed out that the form of self-government envisaged by the Commission is nothing like Dominion status, because the specific proposals about the army and the Indian States seem likely to deprive India for ever of the means of self-defence and the right of secession. Certain newspapers, indeed, belonging to the Congress die-hard school have given it as their opinion that

the solution offered for the problems connected with India's governance in the immediate and distant future lack the touch of constructive statesmanship, and they are devoid even of originality. Because whether the recommendations are made for solving difficulties relating to the military or the civil side of the administration, they are no more than gaudily garnished réchauffés of ideas previously put forward by reactionaries in India and in Britain.

Apart from such negative criticism, couched often in the

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<sup>\*</sup> See the Manchester Guardian, June 24, 1930.

India: The Reaction to the Simon Repo India language of political hysteria, the Indian National press has made no attempt to survey the Report.

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The Moslem Conference, which met at Simla under the shoul auspices of the All-India Moslem Federation, concerne (5) a itself at its two sittings on July 4 and 5 mainly with the present political situation to which the Congress campaign of civil disobedience has given rise, and the Conference was, in fact, summoned more for the purpose of determine ing the Moslem attitude towards the Congress part than for any thorough examination of the Simon Report video Such interest, therefore, as it evinced in the Report cal aban only be looked upon as incidental, and this explains the (7) f hasty passing of a long, rambling resolution which expressed wors disappointment, yet at the same time strongly endorsed to a one of the main recommendations of the Commission ther namely, the retention of separate electorates. That criticism of this kind does little credit to the sense of political responsibility of Moslem politicians has since been admitted by the sponsors of this Conference them. selves, and to rectify the mistake they are summoning another to meet in Lucknow in the middle of August. Till this second Conference has taken place it will be impossible to say what exactly is the Moslem reaction to the Report.

The most representative opinion hitherto expressed is probably that of the All-Parties Conference. That Conference's sub-committee on July 7 issued to the press memorandum containing twelve recommendations, the adoption of which, in the opinion of the sub-committee is essential for any agreed scheme of political reform The most important recommendations were follows: (I) The form of the future constitution should be federal, with residuary powers vested in the provinces (2) a uniform measure of autonomy should be granted to all the provinces; (3) any territorial redistribution the may at any time become necessary should not in any will affect the Moslem majority in the Punjab, Bengal and the

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onal North-West Frontier Province; (4) Moslem representation should not be less than one-third in the Central Legislature; (5) all the legislatures in the country and other elected bodies should be reconstituted on the definite principle of ith the securing adequate and effective representation for the mpaig minorities in every province, without, however, reducing the ference majority in any province to a minority or even to equality; (6) the representation of communal groups should continue part to be by means of separate electorates as at present, pro-Report vided that it must be open to any community at any time to abandon separate electorates in favour of a joint electorate; ins the (7) full religious liberty—that is to say, liberty of belief, pressed worship, observance and education—should be guaranteed dorsed to all communities; (8) no Bill or resolution or any part ission thereof should be passed by any legislature or any other That elected body if three-fourths of the members of any nse of community in that particular body oppose such a Bill or resolution as being injurious to the interest of that comsince munity; and (9) provision should be made in the constitution for an adequate share to be given to Moslems, together with other Indians in all the services of the State and selfgoverning bodies, having regard to the requirements of efficiency.

An examination of these points will show that they in effect constitute a substantial endorsement of the electoral scheme and the representation of minorities in the legislatures which was adumbrated by the Simon Commission itself. In other words, the Patro sub-committee has approved of one of the most important features of the Report. Had it not been for the presence on the subcommittee of a prominent Liberal, who still feels bitter over the appointment of the Commission, the members of the sub-committee would probably have acknowledged the validity of the Report in so far as its solution of the problem of the electorates and the constitution of the legislatures is concerned.

Finally, a brief reference is necessary to the debate in

India: The Reaction to the Simon Repo Ind the Indian Legislative Assembly on July 10, 11 and com This debate, it must be remembered, was not directly recon the Simon Report. It was initiated on a motion of the Finance Member for the sanctioning of a supplementar the grant in connection with the expenses of the London Round when Table Conference, and it was primarily confined to the Indi policy of the Government of India in the matter of th who Conference. Owing, however, to bungling tactics on , and part of the Government whips, a member of the centr poss Moslem party in the Assembly moved a token cut censurin. the Report of the Commission. This censure was intended to express Indian dissatisfaction at its recommendations The debate on this cut was, however, only by the way, Speaker after speaker who took part in it merely touched upon the report and then went on to elaborate his own criticisms of the London Conference. Those who supported this motion were, moreover, able to express dissatisfaction with the Report only in three respects, (1) the absence of responsibility in the central government, (2) the proposals for indirect election to the central federal assembly, and (3) the presence of official and nominated Ministers in the provincial Cabinets. Beyond this, 10 speaker could adduce any other criticism. It was also evident that most of the members of the Assembly had not even carefully perused the Report. Little consequence has therefore been attached to this debate in so far as the Report is concerned; and no conclusion can be drawn though the motion was carried by a clear majority, because but for the lobby tactics of the representative of Government and the Government whips, the motion of censure would never have been passed.

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And now it is necessary to turn to the reception accorded to the Report by the Indian Princes. After prolonge consideration of the issues extending over fully the days, the Standing Committee of the Chamber of Prince authoritatively embodied the Princes' point of view the following communiqué. The Princes disclaim,

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Repo India: The Reaction to the Simon Report and communiqué states, any desire to pronounce upon the ectly recommendations of the Simon Commission with regard to the domestic problems of British India. But in so far as mentar the Report bears upon the position of the States, especially Round when the inter-relation of the proposals touching British l to th India and the States and the implications of the Report as a of the whole are taken into account, they feel that a more minute on and detailed examination of the Report than has been centr possible in the time at their disposal will be necessary ensurin before any final views can be expressed. ntende however, gratified at the endorsement by the Comadations missioners of their contention, already admitted by the he way Butler Committee, that the very nature and provisions of their treaties, the binding character of which has been repeatedly affirmed by successive British sovereigns since the days of Queen Victoria, make it clear that the relationship of the States must be with the British Crown. follows that closer co-operation in all-India matters must depend upon their free consent and be upon terms which are fair and mutually acceptable to them and to British India. They consider therefore that the suggestion that their official relation should be with the Viceroy, as representative of the Crown, provides a useful basis for the exploration; through the Governor-General, of avenues which may lead to a satisfactory solution of the question of how the closer association of the States with British India is to be brought about without infringing their sovereignty. They are, moreover, gratified that the Commissioners recognise that, in view of the very real interest which the States have in matters of common concern to India as a whole, means must be found for ensuring closer co-operation between British India and the States. They realise too that the future evolution of an all-India polity can only be on federal lines. A system designed to safeguard their right of internal autonomy would be the most satisfactory solution of the Indian problem.

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The Princes cannot, however, be expected to regard

India: The Reaction to the Simon Report Ind certain proposals of the Commissioners or their finance assessor with satisfaction—those, for instance, which co cern the economic claims of the States. For these proposi appear to them to subordinate the just claim of the State to the financial exigencies of British India, or else to make the acceptance of that claim contingent upon other doubth factors which considerations of space make it impossible to go into here.

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As regards the proposal for the establishment of t Council of Greater India, the Princes are disposed to accep the suggestion in principle, but it is obvious that the composition as well as the procedure and the rules fo carrying on the business of that body will have to be settled

in conjunction with them.

Lastly, the Princes regret that no proposal has been made by the Commission for the immediate institution of Supreme Court. They consider the establishment of such a court to be an essential prerequisite for any scheme of federation.

Such has been the Indian reaction to the Simon Report and it will be clear from what has already been said that many of its principal recommendations have been endorsed, however naïvely, by Indian opinion. The scheme for the retention of separate electorates and safeguard in the legislatures, for instance, has been supported both by the All-India Moslem Conference and in the memorandum submitted by the Patro committee of the All-Parties Conference. Then again, the provision for Viceroy, and the establishment of a Council of Great India, have been acclaimed by the Princes as wholesom suggestions. In the coming months when the preser political malaise has spent itself and a snore practical at better standard of political values becomes possible, other suggestions of the Commission are also bound receive a greater measure of approval. Nevertheless, would be idle to deny that Indian opinion will never to content unless an appreciable amount of executive response

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India: The Reaction to the Simon Report bility is bestowed upon the proposed federal assembly and the present proposal that the Cabinets of provincial governments should contain an official or nominated element will also remain unacceptable.

India. July 1930.

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# GREAT BRITAIN: THE PARTIES AND UNEMPLOYMENT

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#### I. THE POSITION OF THE PARTIES,

THE House of Commons has taken itself off for a long I recess after writhing for three more months on the rack of the problem of unemployment. Since the political situation was last reviewed in these pages\* the number of the unemployed has risen by 300,000 to over 2,000,000, and there is as yet no sign that any favourable turn in world trade will come to the rescue of anguished politicians. The intensification of the problem has cleared up much that was doubtful in the alignment of the various sections of the different parties. The Unionists seem to be nearer the possession of a common policy than the Labour party, the bulk of them favouring a change in our fiscal system directed towards the development of the Empire into an economic unit; but they are at open war among themselves upon a point of tactics. The Liberals are definitely committed to co-operation with the Government in devising some form of national development, their contention being that it is the industrial organisation and equipment of the nation which is defective and not the fiscal The Government appears to be still hovering uncertainly between the opposite ideas that better capitalism or drastic socialism are cures for unemployment. The result is that the left wing of their followers is in open

\* See The Round Table, No. 79, June, 1930, p. 573-

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# The Position of the Parties

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revolt, and Mr. Maxton, with perhaps a dozen associaces, has formed what is, for all practical purposes, a new Opposition party. The final result of all the convulsions of the victim on the rack has not, curiously enough, been to diminish the safety of the Government in Parliament. The defection of Sir Oswald Mosley made a considerable stir at the time, and there is no doubt that he scored a hit by his speech in the House. But, whatever the effect in so far as his own reputation and future are concerned, it has since been realised that a junior Minister may mistake his own importance in an Administration. He remains suspended between the Government he abandoned and the rebels whom either their or his inclination forbids him to join; and though his action may have done something to give Mr. Maxton's rebellion a moral basis, it has done nothing to weaken the practical basis of Mr. Mac-Donald's position in the House. The Unionists may or may not have lost their original inclination to keep the Government in power. They may be ready to vote in the House of Commons with complete indifference as to whether the result be another general election or not—that depends upon the view they take of their chances of settling their internal dissensions for the purpose of such a contest. But a general election would certainly not suit the Liberals, and it is significant that, when Mr. Lloyd George, through a misunderstanding with Mr. Snowden, brought the Government to within two votes of defeat on an amendment to the Finance Bill, many of his own followers were far more angry with him than the Socialists. So long as this remains the Liberal view, Liberal votes will always cancel out Socialist defections, and the Government are in no more danger of being forced to resign than at any time since they entered office.

811

# Great Britain: The Parties and Unemploymen

#### II. UNEMPLOYMENT

THE Government have no doubt suffered a serious loss of prestige, though it may be some time before this is reflected in the parliamentary situation. But of course, sooner or later, their present allies will prefer to risk extinction in the electoral battle rather than f main tied to a corpse, provided that the corpse continues to decay. There are at present no signs of resuscitation, When Mr. Thomas retired to the Dominions Office, it was announced that the Prime Minister would personally take the problem of unemployment in hand. He has succeeded in enlisting the co-operation of the Liberals, but his invitation to the Unionists was refused, because it was realised that the remedy of tariffs had no chance of unprejudiced examination. Since the elaborate plan propounded by Sir Oswald Mosley for shuffling off some of the unemployed on to relief disguised as social services, and the rest on to a vast programme of relief works, appears equally to have been ruled out, the Government seem to be reduced to an idea with which they have been toying for some time past. This is the conception associated principally with Mr. E. F. Wise, of protecting the home market by means of import boards. On the last day of the session it was announced that this idea, as applied to cereal production, would be submitted to the Dominions at the Imperial Conference, and there seems no reason why it should not be extended to cover the rest of agricultural products and a wide range of industrial products. If such indeed should prove to be the Government's long-term unemployment policy, two comments at once suggest themselves. In the first place, this form of protection, extreme enough to be unpopular with protectionists themselves, will be difficult to organise. Even assuming that the dictators of industry will be industrials and not 812

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Unemployment

government officials, the policy means rationalisation under forced draught. Moreover, the plan definitely excludes any hope of fiscal revenue, the prospect of which has done much to reconcile free traders to the idea of changing our fiscal system, because of the relief which fiscal revenue might bring to the overburdened direct taxpayer. Indeed, if the experience of the various Ministries of supplies during the war is any guide, import boards operating by bulk purchase and regulating retail sales are a danger rather than a comfort to the taxpayer. There is also the difficulty of treaty provisions, which prevent us from operating import boards unless the Government should monopolise trade in home produce. In the second place, none of this long-term policy can help unemployment this winter; and in the spring the bills

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The repercussions of the unemployment problem are unhappily not only political. It is quite clear that the cost of unemployment has already completely thrown out Mr. Snowden's financial plans. The Unemployment Insurance Act passed earlier in the year not only enabled some 150,000 persons to qualify for benefit who would otherwise have been excluded, but it put upon the Exchequer the charge of paying benefit to all who had not paid thirty contributions during the two years preceding a claim. Even if unemployment becomes no worse, this provision will cost the taxpayer £20,000,000 instead of the £10,500,000 estimated by Mr. Snowden. In addition, the unemployed who have paid thirty contributions and who therefore draw benefit from the Insurance Fund are now so numerous that the Fund will show a deficit of at least £25,000,000, and possibly £30,000,000 if the register of two million unemployed is much exceeded during the winter this year. That sum will have to be borrowed. It must in fairness be said that these vast sums do not entirely represent burdens which otherwise would not have fallen The Act of 1930 may have increased on the nation. 813

Great Britain: The Parties and Unemployment apparent unemployment by encouraging the dole hunter and cases are reported every day where the system of unemployment insurance is abused, both by employers and by employed. But in so far as unemployment would have grown in any case, and the unemployed would not have qualified for benefit, the increased charges are merely a transference of a burden from the ratepayers to the taxpayers. But the bottom is none the less knocked out of the budget of Mr. Snowden. From the figures given above it will be seen that the deficit which cannot be concealed will be £9,500,000, and the deficit which ought not to be concealed, because it decreases pro tapto the real sinking fund, will be at least £25,000,000-a total deficit of £34,500,000 or more, equal to about ninepence on the income tax. That is a terrible blow to a Chancellor who claims to pay his way.

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Moreover, the system of unemployment insurance has become little more than a farce. The number of the unemployed is now between 700,000 and 800,000 above the point at which benefits are balanced by contributions. Over 300,000 are more or less on poor relief, or, in other words, truly "on the dole," because they have paid even less than thirty contributions during the preceding two years; and this qualification is itself from an actuarial point of view fantastically inadequate on the present live register. In the closing stages of the session, an interparty committee was formed to see whether the principle of insurance can be saved. Nobody will envy them their task. If qualification for benefit remains unaltered, either contributions will have to be increased by 50 per cent. or benefits lowered by two thirds; but it would clearly be unjust to those contributors—and they are many who have drawn little or no benefit, thus drastically to revise against them the terms of their insurance policies, although it is true that the real value of rates of benefit has greatly increased, not only with successive amendments to the Acts, but with every fall in the cost of living.

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It would be equally unjust to bring into insurance industries originally excluded because the risk of unemployment in them was very slight; and therefore the only way in which insurance can be saved and a slur—still on the whole unjustified—removed from the character of our people would seem to be to establish some strict relation between contributions and benefits, and to set up a special organisation—possibly a grid of joint committees representing public assistance committees and the labour exchanges—to deal with all who fall out of insurance.

#### III. PARTY DISSENSIONS

Conservatives and the Tariff Question

TT will be seen that the Government's policy both towards unemployment and towards unemployment insurance is at best wholly fluid and that their position is likely to be seriously threatened when the result is reflected in the budget next spring. The question therefore arises whether the chief Opposition party is in better fettle, and it must be confessed that the answer is not reassuring. There is every reason for unity in the Unionist ranks. However unshaken may be the theory of free trade, it seems as though the whole system of international exchange of goods were slowly withering. Many people are deeply impressed by the persistence of other countries in pursuing the ideal of a highly protected home market. Many more enee in protection a means of raising revenue to be devoted to the relief of taxation upon industry—a ten per cent. duty on manufactured imports would, for example, raise between £20,000,000 and £25,000,000 or enough to exempt company reserves from income tax. Many others see in protection a means of restoring industrial confidence—a task of great importance in the view of those who think that by no means the least injurious effect of taxation is psychological, and there is besides all these motives the natural Great Britain: The Parties and Unemploymen tendency, at a time of such apparently intractable difficult as the present, to resort to revolutionary changes. these reasons, the volume of opinion in favour of experi menting with tariffs is unprecedentedly strong and may even become overwhelmingly strong. Some two months ago a number of bankers, though, as far as could be seen rather hesitatingly, threw in their lot with the commercia interests who have consistently advocated protection Mr. E. D. Simon has expressed his doubts about the present system at the Liberal Summer School itself, and the report of the Economic Committee of the Trades Union Congress shows that Socialists as a body no longer attach sanctity to the doctrine of free trade, though, as already stated, they appear to favour the control of imports rather than tariffs.

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The force of so widespread a revulsion of feeling which includes in the great majority of cases some measure of adherence to the expansion of Empire trade is, however, in danger of being dissipated by differences of opinion as to the degree to which an immediate response to its appeal should be made. The economic factors governing the idea of Empire free trade are dealt with elsewhere.\* Politically speaking, it may perhaps be said that in the Unionist party the issue is not in dispute at all. The quarrel between Lord Beaverbrook and Lord Rothermere on the one side, and Mr. Baldwin on the other, has been exacerbated by the personal note which the former sounded and the latter echoed. But its substance is only whether taxes on foreign food should be imposed now or reserved as a possible item in an agreement with the Dominions. Whether there is a greater degree of difference than appears on the surface we have no means of judging, but the triviality of the point in dispute is made clear by the fact that if Empire free trade succeeds—if the Empire does supply us with food which a priori will not be taxed—all agricultural policy to help the British farmer will be as

\* See page 745.

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necessary as ever; and therefore the merits or demerits of Mr. Baldwin's policy of a subsidy to wheat growing are quite unaffected by those of Empire free trade. But, although the quarrel is built upon such slender foundations, it is becoming more intense. The result of the Canadian election, which favoured the view that tariff changes should be included in bargains, instead of narrowing has widened the breach. At the moment it looks as though nothing could avert conflict, and as long as conflict endures the prospects of the cause of protection at an election cannot be looked upon as rosy.

#### Labour and Its Left Wing

The tale of party convulsions must be completed by some reference to the Socialist left wing. Their activities have closely corresponded with the precedents set by extreme groups in all countries. They have attempted by the usual methods to show that the present distresses are due to the incapacity of Parliament, and that the present disrepute of Socialism is due to incompetence or worse on the part of individuals. On occasion there has been outrageous theatricality. Mr. Sandham accuses his colleagues in the House of corruption and drunkenness. Mr. Beckett runs off with the Mace, to show that Parliament can be treated with In the former case the idea of a judicial disrespect. inquiry was abandoned on account of technical difficulties. Possibly there was no choice, but an inquiry was undoubtedly needed, for an impression was left on the public mind that there might be substance in the charges; and a judicial inquiry would have revealed just how much or how little. In fact, everybody knows that among 600 men, there are bound to be some whose view of life is occasionally artificially rosy; but the House of Commons is singularly free from discreditable toping. Corruption is a far more serious charge. But of corruption in the ordinary sense of the word there is practically none. No outside body would think of imitating the methods of Walpole or of 817

Great Britain: The Parties and Unemployment George III. On the contrary, instead of a section of the electorate bribing the House of Commons, there is far mondanger of the House of Commons bribing a section of the electorate with political programmes expensive to some other section. It is therefore unfortunate that the House of Commons could not seize its chance to show that it the most incorruptible elected body in the world.

### IV. LEGISLATION AND FOREIGN AFFAIRS

THE legislative achievements of the past three months have been practically confined to the completion of measures already introduced. The Government found its sessional programme congested, and ruthlessly sacrificed or suspended a number of important promises. The Factories Bill, and the Bill to amend the Trade Disputes Act passed after the general strike, were not introduced. to extend the school leaving age, to establish a Consumers' Council and to ratify the Washington Hours Convention, were dropped, although they are promised for next session. The Electoral Reform Committee broke down so soon as it was clear that no agreement could be reached on a change in the method of representation or of voting; and if can only be said that the Liberals have borne with composure a result which everybody else expected. The Coal Mines Bill has passed, after a protracted wrangle with the Lords whether arrangements to spread the hours of work over a fortnight should be permitted or not. A final compromiswas reached under which the Lords had their way, subject to the veto of the Miners' Federation and the Mining Association upon any district scheme for a "spread over." Exaggerated importance was attached to this provision, which in any case can only operate until next July. It must, indeed, be confessed that the industry has missed? great chance to negotiate during the discussions on the Bill a long-term agreement upon hours of work to replace that

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A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

Volume XX

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THE ROUND TABLE is a Quarterly Review of the politics of the British Commonwealth conducted in a strictly nonparty political spirit. It seeks to promote the unity of the British Commonwealth by presenting every quarter an accurate and non-partisan account of the politics of all parts, together with articles dealing with foreign and inter-imperial problems from the point of view of the whole Commonwealth.

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Legislation and Foreign Affairs

which will expire next year. However, the passage of the Bill has at least deferred a crisis, and the reasonable attitude of the Miners' Federation is the best ground for hoping that a crisis in the future may be averted. Reference has already been made to the main feature of the Government's agricultural policy announced on the last day of the session. They have in addition passed a Land Drainage Act which puts drainage under new, larger and better financed authorities. But the success of the whole programme must clearly depend on their ability "to make farming pay." It is not much use draining land which will not be used, nor establishing small holdings which, like those reported upon by an investigating committee, involve a loss to the taxpayer of half the capital cost when the smallholder starts work.

In foreign affairs the Government have succeeded in carrying out their scheduled programme. The London Naval Treaty has been ratified, the general feeling being that an agreement attacked from both sides probably possesses the virtues of a reasonable compromise. In the period under review, moreover, a firm hand has been shown in Malta, Egypt, and India. During the recess, attention will be concentrated upon the Conference on Indian affairs and the Imperial Conference; and the Government, by inviting Opposition delegates to the former and by drafting an elastic agenda for the latter, have at least improved the chances of success in both cases. The advantages of a Government of the left conducting these major negotiations is one of the main reasons for the tolerance shown towards the Government; and the next few months will be a test both of their ability and stability. But the day has passed when success in foreign policy could cancel out failure at home; and whatever the result of these Conferences, the Government will ultimately stand or fall by its success or failure in dealing with unemployment, though there is no doubt that the result of the Conferences may delay or expedite the crisis. At the moment the whole political atmosphere is one of suspense.

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#### IRELAND: EVENTS IN THE FRE STATE

#### I. POLITICAL

HE principal political event of the last quarter ha I been the by-election in the Longford-Westmeat constituency, occasioned by the death of Mr. J. J. Killane one of the Fianna Fail deputies. The candidates for the vacancy thus created were Mr. James Geoghegan, K.C. Fianna Fail, Dr. V. Delany, Cumann na nGaedheal, and Senator M. Duffy, Labour. Mr. Geoghegan, who is a member of the senior Bar, can hardly be described as a full-blooded Republican, because he offered himself as a possible Government candidate in 1925, and began his election campaign by stating that "he was for the Freaty if its amendment would entail bloodshed." The Govern ment candidate, Dr. Delany, is a local medical practitioner The contest was mainly fought on the question of retaining the land annuities, and Fianna Fail was careful not to parade its more extreme doctrines. The contentions Fianna Fail speakers concerning the land annuities were that Northern Ireland retains them; that we cannot afford to make Great Britain a free gift of three millions year; that five senior counsel, one of whom was Mr. Geoghegan, have advised that the case for the retention of the land annuities is sound; that proceedings cannot be taken to retain the annuities until Section 12 of the Land Act of 1923, which makes their payment legal, is repealed by

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a Fianna Fail Government; that on grounds of natural justice we have a right to the annuities as part of the national land revenue; and that they were expressly assigned to us by the British Parliament under the Irish Government Act of 1920. To these arguments the Government speakers replied that every farmer in Northern Ireland pays his land annuity, and that for every pound the Northern farmers have paid in land annuities, the Northern Government has paid an equivalent pound, and in addition has made an Imperial contribution of thirty-five shillings; on the same basis, the Free State would be paying £9 to Great Britain for every £3 it pays now; that the British Government does not get one penny of the land annuities, which are, of course, paid to the people who advanced the money; that while the Free State could repeal the law ter ha under which the land annuities are now paid, neither a nation nor an individual is entitled to embezzle money or for the cancel just debts; that the Land Act of 1923 contained exactly the same provisions for repayment of land purchase advances as every previous Land Act; that land annuities al, and are not revenue but represent the price of the ownership in fee simple paid by the farmer purchaser, and that the Act of 1920 has nothing to say to the matter as the form of government which it contemplated has never been set up so far as the Free State is concerned; that government, if it had functioned, would have had to pay an annual Imperial contribution nearly £7,000,000 in excess of the value of the annuities.

As the first preference votes of the Fianna Fail party at the last general election exceeded those of Cumann na nGaedheal by nearly 2,000, it was clear from the beginning of the contest that the Government candidate would have an uphill fight. Moreover, the constituency is large and the Fianna Fail organisation was better than that of its opponents. In the result, Mr. Geoghegan was elected and Fianna Fail retained the seat by a majority of 2,918 over both the other parties. The Labour candidate forfeited 821

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his election deposit of £100, as he failed to secure necessary one-third of the quota. Mr. de Valera, w returned from America during the contest, natural hailed the result as a sign that the tide was at last turning in his favour, but in fact it only shows that Irish electors a extremely constant in their political opinions. fifth by-election since the general election in Septembe 1927, and in all five cases the victory has gone to the part that scored the biggest total of first preference votes at. general election. The Government party won four them, gaining a seat in each of three contests and retairing its seat in the fourth. Fianna Fail, on the other hand, lo one seat, was defeated in its attempt on three other and retained Longford-Westmeath. The strength of th parties in the Dail is now as follows: Government 6 Fianna Fail 56, Labour 13, Independents 11, Farmers National League 2. There can be no doubt that Fiann Fail was also much helped by the moderate views of its candidate and by the fact that senior counsel are not as a class believed to favour barricades. Since his election Mr. Geoghegan has, however, had to explain that he evas deceived about the Treaty and that "even before the Boundary fiasco he had condemned it in any public utter ance he made regarding it." If he labours under the delusion that he can reform the Fianna Fail party and Mr. de Valera from the inside he is likely to suffer a sad disap pointment. Indeed, almost immediately after the election The Nation, which is their party organ, took occasion to declare that Fianna Fail stands for "an Irish republic, an Ireland of thirty-two counties with full national inter pendence." Moreover, it "stands against the midnight treaty of 1921, and for the ending of the subjection and partition then fastened upon us," also "for changes in ou economic policy which will keep at home moneys now exported to Britain, and keep out goods now imported from Britain." Mr. Geoghegan may well ask himself what such a policy would mean if put into practice, and he cannot

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contemplate the reply with equanimity, for at the least it would involve a revival of the bitter quarrel between North and South and an economic war between Great Britain and the Free State.

An equally interesting light has been thrown on Republican mentality by the recent Government publication of a white paper containing reports, found by the police, of two meetings of which the first, held in December 1926, consisted of all the anti-treaty deputies, and the second, held in December 1927, consisted only of the twenty Republican members who had refused to follow Mr. de Valera into the Dail. The really interesting portion of this document is the report of the first meeting, which reveals the confusion and incoherence out of which Fianna Fail arose. Nobody seemed to know what the alleged "government" was; even Mr. de Valera himself was not certain whether he had been President since 1922. The members present wished to regard themselves as the Dail, but apparently did not know whether they were or not. One member bluntly pointed out that they were a minority of the people's representatives and were proceeding to invest themselves with executive power and authority, but the climax of unconscious humour was reached when Professor Stockley, one of the mildest and most innocent of doctrinaire Republicans, plaintively inquired, "What about the second Dail members if they all die off? It would be a desperate state of affairs if there was only one surviving member of the second Dail to hold the position." Mr. de Valera finally solved the difficulty by taking the oath and entering the Dail, but his mental allegiance is apparently still given to this weird fictitious assembly which he first bewildered and then killed. The report of the second meeting reveals the interesting fact that President Art O'Connor, his successor, committed political hari-kari by his decision to practise as a barrister in the Free State courts, and also contains Miss Mary MacSwiney's candid confession of faith that," everyone who thinks seriously about the Republic

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realises that we have got to go ahead and prepare another revolution and that we are not likely to get t

people to give us a mandate to function."

It is pleasant to turn from these futilities to the record constructive work contained in Mr. Blythe's address to annual convention of Cumann na nGaedheal. He point out that it was a fact which could not be disputed that und the Treaty we had greater freedom in the control of o own affairs and less need to pay attention to the view outsiders than we should have if we were, say, a separa isolated republic. We had all the trappings of sovereign as well as the reality. We had diplomatic representative here representing other countries, and we had our or diplomatic representatives abroad. We entered in treaties with other countries and denounced treaties. V took our part in the League of Nation's work on an equali with other countries. We had our distinctive stamps an coinage, our flag, and our army responsible only to th people and Government of this country which would fight only as we wished. Discussing partition, he pointed out that it could only be ended by the consent of the majority on both sides of the border and not by force The only contribution we could make to ending partition by consent was to mind our own business, and do it so we that everyone outside would be impressed. He could 10 imagine anything that would do more to postpone the ending of partition than the advent of Fianna Fail to power The policy of unlimited government interference economic matters, which Fianna Fail advocated, woll undoubtedly result in the killing of private enterprise The Government's view was that while government activity in many directions was useful, the things mos necessary were stability, security, and the absence constitutional or other upheaval. As long as there was the possibility of another round with England over the Treat or out of a quarrel in connection with land annuite nobody was going to invest money in building up the

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country. The Government got less credit than they were entitled to because they had done so much so quickly. Mr. Blythe also paid a well-deserved tribute to the work of the old Parliamentary Nationalist party, which for generations had prepared the mind of the public in Great Britain to consent at last to some form of self-government for Ireland.

The fact that the Government have secured the stability and security to which Mr. Blythe refers is proved by the success of the third national loan. The Government were easily able to secure £6,000,000, offered at 93\frac{1}{2} and bearing interest at 41 per cent., most of the money being subscribed in the Free State. The money is required for the completion of the Shannon scheme and for other productive enterprises such as housing, drainage, and the development or the Gaedhealtacht, or Irish-speaking districts, and it is satisfactory to find that it can be raised on such favourable terms. Certain members of the Fianna Fail party endeavoured to injure the loan by statements that the country was "heading for the bog of bankruptcy," and that its future prospects were "black as night." As a matter of fact nothing could be farther from the truth, and the exchequer returns for the first quarter of the financial year 1930 show a big improvement in revenue over the first quarter of 1929. The favourable difference is £368,402. Expenditure has, however, gone up by £62,113, leaving a net surplus over 1929 of £306,289. This is the largest surplus realised during the last four years.

The Government showed that they had been as careful and conservative in their economic policy as in their Speaking on the financial resolutions in the Dail, Mr. Blythe stated that what they felt had to be weighed in relation to any tariff, where it could be weighed, was whether or not the employment that could be given as a result of that tariff would or would not be outweighed by the loss of employment which would result from the burden that that tariff was likely to throw on the people.

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Mr. McGilligan, the Minister for Industry and Commerce pointed out in the Dail debate on unemployment that some 15,000 people had been employed as the result of tariffs, and that the registered number of unemployed in the Fig. State was approximately 18,000. At the same time he was careful to state that we were a portion of the European community in which at the moment there is a very definite drive against tariffs, and that we have to make trade treatie for the good of industries like those of Messrs. Ford and Messrs. Jacob, who depend on the world markets for the sale of their products. The recent trade treaty between the Free State and Germany illustrates the position to which Mr. McGilligan referred. This treaty regulate the trade relations between the two countries on a comprehensive basis. It contains provisions relating to the entry, residence, domicile and occupation for the nationals of both parties, to the operation of companies, to navigation, exchange of goods, and the legal position of consuls. The treaty is principally based on the most-favoured-nation treatment. This is the second commercial treaty which the Government have concluded, the first being with Potugal. Now that the obstacle regarding the high tax on wines has been removed, the treaty with France will, no. doubt, shortly be signed also.

The Dail adjourned on June 18 until November 19, and Ministers will be able to devote themselves entirely to the administrative work of their departments during the next six months. Mr. Cosgrave, who has been suffering from the results of worry and overwork, and was absent from the Dail for several weeks, returned to his accustomed place before the adjournment, and is now apparently quite well again. During the autumn two international gatherings of first-rate interest and importance for the Free State will also demand the careful attention of Ministers, namely, the Assembly of the League of Nations and the Imperial Conference. Mr. Blythe, Vice-President of the Executive Council and Minister for Finance; Professor O'Sullivan,

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Minister for Education, and Mr. McGilligan, Minister for External Affairs and Industry and Commerce, will attend the League of Nations Assembly at Geneva in September as representatives of the Free State, which is a candidate for the non-permanent seat on the Council rendered vacant by the Dominion of Canada, whose three years' term of office now expires. It is understood that Australia will not press her claim to the vacant seat, and that the other Dominions are fayourable to the Free State's claim. Much will depend on whether the support of Great Britain is forthcoming; with that assured the Free State ought to be successful. Such a result is to be hoped for, because everything which helps to bring our representatives into touch with international affairs is of great value.

At the Imperial Conference in London our representatives will probably be Mr. McGilligan and Mr. Desmond Fitzgerald, Minister for Defence. This is the third Imperial Conference in which the present Free State Government has taken part, and it is now certainly the oldest Government in the British Commonwealth, and indeed, with the exception of the Hungarian, in Europe. The probable attitude of our representatives at the Conference may be partly gathered from two recent speeches made by Mr. McGilligan in the Senate. Speaking on the question of secession from the British Commonwealth, he stated that the position of the Irish Free State was governed by the Treaty of 1921. If the Treaty were broken, or if the Treaty were by agreement amended, they could get outside the association with the British Commonwealth, but to get outside that association without the process of negotiation would, to his mind, involve a breach of the Treaty. • The question of alteration of laws affecting the succession to the throne, dealt with in paragraph 60 of the 1929 Experts' Report, had nothing to do with the question. The questions of succession and secession were to be taken apart, and one had no relation to the other. In a subsequent debate on Empire free tradeMr. McGilligan

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saio that they would jump at a bargain with England that gave preferential treatment to Free State agricultural products and allowed us to retain our tariffs on manufactured goods, but it was not likely that such a bargain would materialise. He had no fear in going to the Imperial Conference, and would go there with an open mind to look after the best interests of a people employed in diversified occupations.

It is obvious from recent articles in the Star, which is the official Government paper, that the Government are considering an alteration in our system of election and the abolition of proportional representation. The contention apparently is that without proportional representation, the pro-Treaty majority in the Dail would be far more decisive, and that the present electoral system accentuates and keeps alive the Treaty issue. Complaint is also made that the large size of the constituencies makes electioneering, particularly at by-elections, a difficult and expensive work. It is, however, well to remember that the full and accurate representation of minorities, which is possible under proportional representation, undoubtedly hastened Mr. de Valera's entry into the Dail, and by ensuring the return of Labour and Independent deputies it has also helped to widen the area of parliamentary discussion and interest, and prevented both Fianna Fail and the Government from turning the proceedings into a barren wrangle about what happened in 1921. The presence of a substantial number of independent members has also prevented the Government from embarking on extreme projects of various kinds in. order to curry favour with the extremists within and without their ranks. The long term of eight years during which they have held office disproves at once the suggestion that proportional representation has led to instability or weakness. The panel system of election also tends to lessen the personal animosity and bitterness which were formerly 50 prevalent in Irish politics. Abuse of individuals is 10 longer a substitute for political argument. On the whole,

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therefore, the Government would be well advised not to tinker with a system of election which has given excellent results in order to obtain some momentary advantage for their party. In such matters national interests must be paramount, and they should also remember that the majority of to-day is often the minority of to-morrow.

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The death of Major Bryan Cooper, T.D., will leave a serious gap in Irish political life. Born the heir of an Anglo-Irish landlord, educated at Eton and Woolwich, and passing from the army into Irish politics as a strong Unionist, he yet had sufficient faith and vision to accept loyally the new order created by the Treaty, and to work whole-heartedly for its success. In 1923 he was elected as an Independent member for South Dublin, which he had formerly represented as a Unionist in the House of Commons, and in 1927 he was re-elected for County Dublin, this time as a definite supporter of Mr. Cosgrave's party. In 1926 he was chairman of the delegation from the Free State which visited Australia for the meeting of sthe Empire Parliamentary Association. His place on the Government benches will be difficult to fill, as he was a wise and moderate adviser in council and a ready and effective supporter in debate. A cultured gentleman of real political ability he will be missed by many friends and by all who believe that such men have a real contribution to make to Ireland's future.

### II. ECONOMIC AND GENERAL

THE Free State is one of the few European countries whose foreign trade continues to show improving figures. During the four months ending with April, 1930, imports decreased by £640,000 odd, whilst exports of Free State products increased by £1,500,000, thus showing a net increase of actual turnover of £860,000—a very satisfactory figure. Re-exports were also practically doubled, but as

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three-fifths of them went to Germany, this increase may be assumed to represent only the return to that country of plant and machinery used in connection with the Shannon hydro-electric works. The bulk of our export trade, as heretofore, is to Great Britain, and during the period in question such exports have increased by £112,000, and our imports from the same country by about £400,000. Exports to other countries increased from £690,215 in the period January-April, 1929, to £1,990,297 in the period January-April, 1930. The most remarkable development is the advance of exports to the United States from £228,707 to £885,956 (Ford tractors probably account for this), imports from the same country decreasing during the same period by practically £500,000. It must be remembered, however, that a lot of American goods, such as bacon, are imported from England and figure as English imports. The total trade turnover for the twelve months ending April, 1930, was £110,255,000, representing an advance of £2,836,000 over the previous twelve months, and the adverse trade balance is now reduced to £11,065,244—the lowest yet recorded since the establishment of the Free State. In April, 1926, the adverse trade balance stood at £19,182,000. If the present movement continues, it will be reduced in another twelve months to about £8,500,000, a figure which would be compensated by the return from foreign investments alone.

The trade returns also show that the raising of livestock continues, and is likely to continue, to be the foundation of our agricultural prosperity. Last year the value of cattle exported from the Free State amounted to £12,342,296, or an increase of £400,000 over the figure of the previous year. Half of this sum was realised by the sale of fat cattle. During the first four months of this year cattle exports have again increased by £400,000, an increment equal, as will be observed, to the total increase of last year. If this condition of things is maintained during the year the cattle trade will show a very substantial increase during 1930. Sheep.

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breeding has never been carried on as extensively as cattlebreeding in Ireland. Last year the exports of sheep and sheep products were about £4,500,000, and, for domestic consumption, probably as much again. For the four months ending in April live pigs and pig products brought in £1,950,000, which is some thousand pounds more than for the same period last year. Horses last year, with a sale of £2,517,522, outside the Free State, beat both the live sheep and the live pigs, but the figure for horses this year so far shows a slight decline.

The Vocational Education Act,\* which has just been passed into law, will eventually have far-reaching effects on our system of technical education, and is based on the recommendations of the Technical Education Commission which recently, with the assistance of two foreign experts, reported on this matter. Although it is one of the most important measures yet submitted to the Dail, it aroused very little controversy, which proves that all parties are at one in their desire to improve our educational system. Act departs in two notable particulars from the report of the Commission, as it does not deal with apprenticeship, and it does not give the Minister such large compulsory powers as the Commission recommended. Apprenticeship is, however, to be dealt with by a later measure, which will provide for the setting up of apprenticeship committees in various trades. Outside the urban centres, in which there are established technical schools, there are at present in the Free State no facilities, in general, for filling the gap that exists between the primary school leaving age and the time when the student, as an adult, joins an itinerant technical or winter agricultural course. There is also no sufficient relation between the existing technical education system and the neighbourhood which it purports to serve. The new Act proposes to remedy these defects. It provides for a compulsory rate for the purposes of technical education, capable of gradual expansion as the local com-

<sup>\*</sup> See The Round Table, No. 78, March 1930, pp. 373, 374:

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mittee decides. These local vocational education com. mittees will have charge of both continuation education which will fill the gap between the primary school and technical education proper and prepare students for the latter, and technical education proper which will be based on the needs of the district and its industries. Both continuation education and technical education are to be made compulsory. The Shannon power development scheme makes this new Act more than ever necessary, because the demand for properly trained workers of all kinds is bound to increase as rural industries develop. The Electricity Supply Board now controls 98 per cent. of the market for electricity in the Free State, having recently purchased the interests of the electric light companies in Cork and Galway, so that, viewed from the business standpoint, the foundations for a sound economic structure for the Shannon scheme are well laid. In addition, large contracts have been made with the Dublin United Tramways Company, Messrs. Henry Ford and Son, Cork, and the Cork Tramways Company, all of which have agreed to take their entire requirements of electricity from the Shannon power station. These deals have secured for the Board an immediate market for, approximately, 43,000,000 units, with prospects of increase. In Cork city and neighbourhood the business of electricity supply is capable of considerable development, and this will be aided by the liberal policy which has been adopted in the matter of rates of charge. It is particularly gratifying that the worldrenowned firm of Ford should be the first to take a large block of Shannon power, thus setting an example to Irish industrialists generally. A conservative estimate of their annual requirements is 15,000,000 units. The power will be used to drive all the machinery, and to provide light, and heat for the furnaces in the Cork tractor factory. It is estimated that the market now controlled by the Board will absorb the complete output of the present develop ment of the Shannon in 1931, or at latest in 1932. Further

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requirements can then be met either by running the Dublin steam plant on parallel lines with the Shannon, or by further improving the water storage on the Shannon, and also by developing the Liffey water power. The total amount spent on the entire project up to date is over £7,000,000. Large and important arterial drainage works have also been carried out in all parts of the country under the Arterial Drainage Acts passed in 1925, 1926, and 1927. The combined results up to date amount to an approximate expenditure of £277,000 for the reconditioning or remaking of 1,080 miles of rivers and tributaries in 22 different counties, calculated to benefit about 126,400 statute acres of land. No such comprehensive arterial drainage undertaking has been carried out in Ireland during the past two generations, and the considerable work already accomplished, together with the schemes in hand and projected, must be of great advantage to the country.

The Commission appointed some years ago to report on the position and future development of the ports and harbours in the Free State has just presented its report. It is understood that the recommendations include a scheme to bring under the control of the Department of Industry and Commerce the administration of all ports and harbours, in the same manner as the Local Government Department now controls all local government bodies. There is a further recommendation to divide ports and harbours into two classes, the first to include the major ports of Dublin, Cork, Limerick, Waterford and Galway, and the second smaller ports, such as Sligo, Dundalk, Wexford and Wicklow. The Commission recommends that the bodies established for the control of harbours included in the first class should contain representatives of the local corporations, chambers of commerce, and shipping interests, as well as representatives appointed by the government department concerned, and in the second class of harbours there will be similar representation, but

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the numbers will be smaller. There is also a recommendate tion that in the case of Dublin, Cork, Limerick and Water. ford a manager, acting under the governing body, shall be appointed to deal with administrative routine. This last proposal is evidently on the same lines as the city manager system, already applied to Cork, and about to be applied to Dublin, by the Act which has just passed. The Limerick Corporation have recently passed a resolution requesting that the principle of the Cork City Manage. ment Act should also be applied to Limerick, and it seems certain that this up-to-date method of city government will soon be applied to all the Free State cities.

The recent visit of the Belfast Harbour Board to Cork on the invitation of their Cork confrères, which was a great success in every way, and the building in Belfast of the splendidly-equipped motor vessel Innisfallen for the Cork-Fishguard direct passenger and goods service, are both indications of the growing good feeling between North

and South.

The first result of the new Censorship of Publications Act has been the banning of seventeen books by the Minister for Justice on the advice of the Censorship Board. only three of any importance are Mr. Aldous Huxley's Point Counter Point, Miss Radcliffe Hall's Well of Loneliness (which has been already banned in England), and Mr. Bertrand Russell's Marriage and Morals. The remainder of the books censored are principally the works of Dr. Marie Stopes and writers of her ilk on the subject of birth control. It is interesting to record that one bookseller, who had six copies of Mr. Huxley's book which he could not sell, sold them all on the day the censorship of that volume was announced, and also received orders for twelve additional copies. The Minister for Justice, Mr. Fitzgerald Kenney, K.C., has in fact rather plaintively com-

See The Round Table, No. 75, June 1929, p. 608, and No. 79 June 1930, p. 597.

<sup>†</sup> See The Round Table, No. 75, June 1929, p. 607.

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plained that he did not expect that the books censored would receive such an advertisement in the daily press, but that he cannot stop it. As a matter of fact there can be no doubt that the net result of the censorship up to date has only been to arouse the curiosity of many people who would otherwise have remained in ignorance concerning the subject of birth control. The Minister also complains that persons are not sending in books and papers for the Board to deal with, which is exactly what every intelligent person knew would happen. The fact is that very few people in Ireland read any modern books at all, and those who do are not likely to take the trouble of acting as literary informers to the Censorship Board. In any event, to attempt a censorship of modern literature, even in one language, is not unlike trying to drink a river. In addition to the books indicated, six English weekly newspapers that specialise in sensational criminal news have also been banned.

An example of our national attitude on another moral question is provided by the new Public Charitable Hospitals Act of 1930, which legalises the holding of sweepstakes in order to provide funds for our public hospitals which, like similar institutions in Great Britain, are heavily in debt, and almost entirely dependent on charitable support for their maintenance. Under this Act a £100,000 "sweep" on the Manchester November Handicap has just been launched in Dublin, and the first ticket has been purchased by the Governor-General. This and future sweeps will be conducted on a proportionate distribution system similar to that adopted in connection with the Calcutta Sweep, but with the one important difference—that there is a guarantee of a minimum distribution of £25,000. Every hospital which announces its acceptance of the principle of the Act may take part in the scheme, sharing proportionately in the profits, but five Dublin hospitals have declined to participate on the ground that any money Opinion coming from such a source would be tainted. LLL 835

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in Ireland tends, however, towards the Latin rather that the English attitude concerning such matters, and it may be confidently anticipated that the project will be a complete success in spite of some rather sanctimonious opposition.

The Irish Free State. August 1930.

# CANADA: THE GENERAL ELECTION

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MR. KING'S DIFFICULTIES AND THE BUDGET

THE Dominion of Canada is now in the midst of a I general election campaign, and the Liberal Ministry of Mr. Mackenzie King, which, apart from a brief intermission of three months in 1926, has held office at Ottawa since December, 1921, is appealing for a new mandate. The sixteenth federal parliament had still a year of its statutory life to run when it was dissolved on May 31, and the decision to take the plunge was only reached after exhaustive deliberation by the Government and its followers. When the parliamentary session opened on February 20, the King Ministry was in an almost impregnable parliamentary position. It had in a House of Commons of 245 members, 132 supporters, of whom 123 were simonpure Liberals, and the balance Liberal-Progressives whose fidelity was unswerving. It had, therefore, a comfortable majority over any possible combination of the Opposition groups, of whom the chief was the Conservative party, with a strength of 90 members. Moreover, the 19 Progressives and United Farmers had shown a disposition in previous sessions to pursue an attitude of benevolent neutrality, as had the three Labourites and the two Independents. But it was generally realised that there were in operation in the country factors and currents which were adverse to the Government. The great stockmarket débâcle, which befell last October, had left behind it proportionately as many victims in Canada as in the United States, and it was followed by a serious crisis in LLL 2 837

the Canadian grain market, the developments and consequences of which were recounted in the last issue of The Round Table.\* This crisis was responsible not only for a serious collapse in grain prices, which reduced the income of the western farmers, but it made also a huge inroad upon the earnings of the railways, and caused a general dislocation of business. As a result, the signs of substantial business recession began to appear in the last quarter of 1929, and during the winter there was an employment problem of very serious dimensions in all the leading cities and towns.

Moreover, a fundamental weakness of the Liberal party had begun to reveal itself during the early part of 1930 As at present constituted, the party is a coalition of the highly conservative Liberals of Quebec and the progressive elements which under different names have dominated the political life of the three prairie provinces since their organisation. But the real buttress of Liberalism has been the support of the French-Canadian race, which as the result of the bitter conscription controversy in 1917; had banded itself into a compact political bloc, and shown a temper of unforgiving antipathy to the Conservative party. The French Canadians originally developed their solidarity under the influence of racial emotion, but they soon came to realise that its perpetuation might give them permanent control of the federal administration, and their leaders accordingly devoted all their energies to preserving the bloc intact. Yet the dangers of this strategy have always been apparent, and it was perhaps inevitable that the influence of Quebec in the councils of the King Ministry should arouse attention in English-speaking Canada. The feeling was slow to crystallise, but it has steadily been gathering strength during the past two years, and has been manifesting itself in unmistakable fashion in every province west of the Ottawa river. The dissatisfaction of Protestant Liberals with the educational policy of the Gardiner

<sup>&</sup>lt;sup>2</sup> See The Round Table, No. 79, June 1930, pp. 606-620. 838

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administration was a factor in terminating the long Liberal control of Saskatchewan a year ago, and installing in office at Regina an administration based on a coalition of Conservatives and Progressives. This change derived some momentum from the emergence of a Canadian imitation of the American Ku Klux Klan, which has been steadily extending its organisation throughout the western provinces and Ontario. With Liberal Governments left in only two provinces, the implications of the situation for the King Government were obviously serious.

To accentuate these troubles came the Smoot-Hawley tariff Bill, which imposed almost prohibitive duties upon many lines of Canadian exports and aroused a widespread sense of grievance throughout the Dominion; it revived many of the ancient prejudices and suspicions against the United States which are an emotional legacy in Canadian life inherited from the United Empire Loyalists, and it emboldened the leaders of the Conservative party to launch a vigorous campaign for a high protective tariff which should counteract the American policy, readjust the trade balances of the Dominion, and increase domestic employ-

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It was taken for granted, therefore, that the budget would be the grand climacteric of the parliamentary session. Such it proved to be; and the certainty that the terms of the budget and their reception by the public would have a decisive bearing upon the future course of events and the fortunes of parties tended to envelop the earlier part of the session in an atmosphere of comparative dullness. Eventually the production of the budget was deferred until after the Easter recess, because Ministers wanted to be reasonably certain that the Smoot-Hawley tariff Bill would become law and impose fresh obstacles against Canada's export trade with the United States; and, prior to the budget's appearance, what were obviously pre-election manœuvres occupied considerable time, although a substantial volume of useful work was also accomplished.

The Conservatives harried the Government as much possible upon questions like unemployment and New Zealand butter, and in a debate upon the unemployment situation they provoked Premier Mackenzie King, who is usually very cautious in his utterances, into a rash observation of which he must now have deeply repented. In discussing the claim of the provinces to receive help from the federal authority in regard to unemployment, Mt. King declared that, while he might consider giving assist ance to a Liberal or even to a Progressive provincial administration, he would not "give a five-cent piece" to any Tory administration to spend on unemployment relief. The Conservatives at once seized upon this injudicious remark, and ever since have continued to accuse Mr. King of laying down the pernicious doctrine that the party colour of a provincial administration should be a determining factor in its relations with the federal government. One of the major pieces of legislation introduced by the Government was a Liquor Exports Act, which was designed to check the outflow of Canadian liquor into the United States, and which sought to accomplish this object by refusing federal clearance permits for liquor consigned to the United States. The Bill was naturally unpopular with the Canadian liquor interests, who foresaw considerable damage to their export business, and it was severely criticised by many Conservative papers. is some evidence that the Government intended, if the Conservatives had evinced outright hostility to the measure in the House of Commons, to make the Bill an election issue, and appeal for a new mandate on what they would have described as a great question of international morality. But Mr. Bennett had no desire to see the election fought on this ground, so he attempted the strategy of criticising the Bill as a humiliating surrender to the pressure of the United States, but of declining to vote against it. The result was that only a handful of members voted against it in the House of Commons, and the Opposition in the 840

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Senate, which at one time threatened to be formidable, melted away. The Act came into operation on June 1. The liquor interests had made their preparations against the day of adversity as soon as they saw it looming on the horizon, and it is reported that the arrangements which they have made to develop their export liquor trade to the United States through insular bases on the French Islands of St. Pierre and Miquelon, and on Bermuda and the Bahamas, are working quite satisfactorily. No serious expectation is cherished that the flow of liquor to the United States from Canada will be completely checked by the Act, but Canadians have the satisfaction of knowing that, while they had no legal obligation to put this action into effect, they have relieved themselves of the charge of maintaining a policy which rendered the enforcement of the Eighteenth Amendment difficult.

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The session also saw the final settlement of a question which has been a bone of contention in Canadian politics for more than thirty years, by a series of measures which ratified the agreements transferring to the western prowinces all their natural resources. Other useful measures were a Bill, the fruit of investigation by a parliamentary committee, which remodelled the whole system of soldiers' pensions, and removed many serious grievances felt by veterans; and a Bill consolidating and inserting some valuable improvements in the Grain Act also passed without any serious controversy. It was left, indeed, to the problem of divorce to provide the sharpest controversy of the session. Efforts had been made during previous sessions to secure the passage of a Bill which would establish a provincial divorce court in Ontario, and free the Senate from the greater part of its responsibilities as arbiter of marital troubles. These measures had, however, always been blocked, although the Senate had passed them by large In this session, Mr. Woodsworth, the leader majorities. of the Labour group, again introduced this divorce Bill, and it produced a series of heated debates along non-party 841

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lines. Mr. Woodsworth and his friends intimated that if the Bill were not passed, they would proceed to repeat the obstructionist tactics which they had tried last session and by holding up all the 300 private Divorce Bills awaiting the verdict of Parliament, bring public business into hopeless tangle. In face of this threat, which could easily have been carried out, the Government exercised its influence to secure the passage of the Bill, and as a fesul Quebec is now the only province which does not possess: Divorce Court of its own. From the Government's point of view, one ominous development of the session was the growing lukewarmness of the Progressive group. In the closing days of the session their leaders launched a great drive against the Government on account of its relations with the Beauharnois corporation, which had secured authority for a power canalisation project on the river St. Lawrence east of the city of Montreal. They contended that the transaction was wholly indefensible, and demanded the immediate cancellation of the charter; and in their attitude they were supported by Mr. Bennett, who declared that the state of affairs revealed by the Progressives' speeches justified a judicial inquiry into the whole matter.

Imperial and international affairs as usual received distressingly scant attention, but there was one interesting debate when the Government sought endorsement for the report of the special committee upon certain aspects of Dominion legislation in regard to shipping and other matters. Mr. King and Mr. Lapointe commended the report on the ground that the enactment of its recommendations would remove a series of troublesome legislative anomalies which were in conflict with the existing constitutional arrangements of the British Empire, and would complete the process of acquiring for Canada the status of full nationhood. But Mr. Bennett and Mr. Cahan, K.C., for the Conservatives, roundly questioned the necessity for the changes, which were proposed, and complained that they simply tended to create fresh fissures in the solidarity

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of the Commonwealth, and that the proposals about shipping legislation would involve Canada in needless complications.\* In the course of the debate Mr. Lapointe, arguing that the Judicial Committee of the Privy Council as at present constituted was not a suitable body for dealing with disputes between different members of the Commonwealth, pronounced himself in favour of the creation of a new tribunal manned by distinguished jurists drawn from all the British nations which would act as arbiter of such disputes.

The Budget

The budget, which made its appearance on May 1, was the first presented to parliament by Mr. Dunning, the Finance Minister, who is the youngest member of the Cabinet, and has had a very remarkable and wholly credit-. able career since he migrated as a lad of seventeen from England, twenty-seven years ago, to take up a homestead in Saskatchewan. The public had been prepared for substantial changes, but not for the most sweeping revision of the tariff which had been attempted since the late Mr. Fielding introduced the principle of the British preference in 1897, and which altered more than 500 out of 1,188 schedules of the Canadian tariff. The details of the more important changes have been published fully in the British press and it would be superfluous here to do more than recapitulate their salient features. The general tendency of the budget was to encourage the diversion of trade from American to Canadian and British hands. precautions were taken to look after Canadian industrial interests, but Imperial trade co-operation was aimed at through a widespread and generous extension of the British preferential rates, which gives British goods free entry to the Canadian market under 589 schedules. Perhaps the most important alterations were in the iron and steel

<sup>\*</sup> For further reference to the subject see the article entitled "The Task of the Imperial Conference," on p. 709.

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schedules, which were revamped and reclassified, the British preference being greatly increased. A similar police was adopted towards a long list of machinery items electrical equipment, and household ware of different kinds and towards articles like typewriters and roadbuilding equipment. But these were not the only blows aimed American trade. A direct reprisal for the Smoot-Hawler tariff was planned in the shape of a scheme of countervailing duties upon a list of commodities, chiefly farm products like livestock, eggs, flour and meats. Under it Canada automatically levied tariff rates equivalent to those imposed by any country which seeks to export such products t Canada, whenever that country's rates are higher that those existing in the Canadian tariff. Mr. Dunning however, explained that countries which interchange these particular commodities in trade with Canada would have it in their power at any time to secure by reciproca action the reduction of the Canadian duties to their normal level. To placate the fruit and vegetable growers, who have been vociferous in their complaints about American dumping, the duties on fruits and vegetables were greatly stiffened; but the Government, in deference to protests from different quarters, subsequently modified this feature, and gave the increases on fruits and vegetables only a seasonal application, limited to the period when the domestic producers can supply the Canadian market. Fruits and vegetables imported from within the Empire were placed upon the free list, with the avowed object of stimulating trade with Bermuda and the British West Indies.

By an order-in-council the trade treaty which Canada concluded with Australia in 1925 had been made applicable to New Zealand, and under its terms New Zealand butter was able to enter Canada on payment of the low duty of one cent per pound. It began to enter in unexpectedly large quantities, with the result that butter prices in many parts of Canada became seriously depressed, and the Canadian dairymen, who, owing to climatic conditions, are

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faced with higher costs of production than their New Zealand competitors, began to agitate for a measure of protection against what they regarded as unfair competition. The Conservative party took up their cause and pressed the Government hard upon the subject. The agitation was particularly acute in Saskatchewan and Quebec, two great Liberal strongholds, and the Government found it must take cognisance of it. So Mr. Dunning, in his budget speech, was able to announce that the existing trade arrangements with New Zealand would be terminated on October 12, and that thereafter, pending the negotiation of a definite trade treaty, New Zealand butter would be subjected to the ordinary British preferential duty of four cents per pound. Another item of the budget, devised for the appeasing of a sectional interest in the shape of the coal mining industry of the maritime provinces, was the imposition of a bounty of forty-nine and a half cents per ton on Canadian bituminous coal when it was converted into coke for smelting purposes.

Mr. Dunning in his speech said that the Government had no desire to indulge in a tariff war with anybody, but that the changes were the expression of the spirit in which Canada would approach the forthcoming Imperial Conference, and were planned not merely to increase British exports to Canada, but to enable the Canadian people to buy more freely from countries which gave a kindly welcome to Canada's main products. He admitted that, in the case of fifty items which had been made free under the British preference, imports from Britain into Canada had been negligible, but he contended that the budget would open up very valuable trade opportunities for British manufacturers, adding pointedly that their success in utilising them would depend upon the industry and skill which they applied to the task of marketing their goods in Canada, and that they must establish selling and service agencies comparable in efficiency to those of their chief competitor.

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Mr. Dunning was strongly pressed during the budge debate to give some estimate of the amount of busines which, in his opinion, the tariff changes were likely to transfe to British interests, but he declined to hazard even a rough guess, and contented himself with asserting that the change covered a range of 200 million dollars' worth of imports per annum. It is considered highly improbable that anything like this volume of American exports would be displaced by the budget, but it is quite certain that American manufacturers would have to fight much harder than heretofor for a large part of their Canadian business, and might fin it necessary to make some sacrifices of profits in order t The changes in the iron and steel schedule were skilfully worked out to give Canadian manufacturer the advantage in business for the lighter kinds of iron and steel, and British manufacturers a chance for the Canadian market in the heavier forms. Yet it is considered doubtfu by many consumers of steel whether the tariff advantages conferred upon Britain are large enough to offset the superior convenience of doing business with Pittsburgh for iron and steel products; the processes of placing orders and altering them and obtaining speedy delivery are so much simpler when conducted over the border than across, the Atlantic Ocean. With British pottery on the free list, however, American manufacturers will find it very difficult to hold their Canadian business, and a special effort is apparently going to be made to place on the Canadian market from Britain a number of lines of luxury goods which will appeal to the thousands of American summer visitors now holidaying every year in Canada; they can each take back \$100 worth of goods duty free, and their disposition to buy British clothes and articles like china and leather goods will be encouraged.

By Liberals in Parliament and throughout the country the budget was held as a stroke of fiscal genius. Conservatives were at first somewhat dumbfounded by its audacity, but Mr. Bennett and his colleagues eventually

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decided to denounce it. They alleged that most of the increases in the British preferential rates would be as useful to British trade as preferences on pine-apples would be to Iceland, that the duties against American imports would be quite inadequate to halt their enormous annual inflow and thus help industrial employment in Canada, and that the countervailing levies would involve Canada in a variety of complications and embarrassments, inasmuch as at least part of her tariff would be left dependent upon the tariff policies of the United States and other countries. Another Conservative charge was that in its increases in the British preferences the Government had given away something for nothing, and should have reserved its concessions as bargaining power at the forthcoming Imperial Conference, when they could have been used to obtain reciprocal preferences from Great Britain. The Conservatives also moved an amendment which, while not opposing the budget outright, condemned it as a piece of hypocrisy which was unlikely to achieve any useful remedies for the troubles of the Canadian people; and Mr. Bennett, in submitting this amendment, challenged the Ministry to take the verdict of the voters on the budget before it tried to represent Canada at the Imperial Conference.

Premier Mackenzie King lost no time in accepting this challenge, and within fifteen minutes of the conclusion of Mr. Bennett's speech he announced in parliament that the Government had decided to appeal to the country at as early a date as possible. This announcement, made on May 9, destroyed all interest in the balance of the sessional business; and, as the result of the conferences between the party leaders, steps were taken to wind up with celerity the business of the session in order to secure dissolution at the end of May. The Conservatives, however, insisted upon debating the budget at considerable length in order to expose its flaws and weaknesses to the country. The debate found the Progressives and the Labourites exceedingly critical of many features of the budget, chiefly

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on the ground that its protectionist provisions were bound to entail an increase of costs of production and livings the farming community. A number of Liberal Progressive while giving it general support, criticised some of in provisions, particularly the fruit and vegetable duties; and it was their pressure which forced the Government to make a change giving only a seasonal application to these duties. In the end the budget was passed on May1; by 114 votes to 86, the Government's majority of 28 being slightly above the normal figure. This was due to the reinforcement of the normal strength of the Liberal and Liberal-Progressive parties by two bolting Conservative representatives of Algoma West and South Cape Breton in which iron and steel plants are located, while another Nova Scotian Conservative paired in favour of the budget This trio of deserters explained that, while many of the features of the budget were unpalatable to them, the upward revision and adjustments of the iron and steel duties were offering a prospect of such benefits to the chief industries in their constituencies that they felt compelled in the interests of their supporters to vote for the budget. The support, however, which these three notorious high protectionists on the Conservative side gave to the budget naturally intensified Progressive suspicions about its real character, and with one exception the Progressives as well as the Labourites joined the Conservatives in voting against After the budget had been disposed of all parties co-operated to accelerate business, and it became possible to dissolve Parliament on May 30. The general election was set for July 28.

During the session no new parliamentary reputations were made, but Mr. Dunning showed shimself a very competent Minister of Finance, and Mr. Bennett, who was handicapped by a serious lack of first-rate lieutenants, bore a tremendous burden of work as Opposition leader.

# The Election Campaign: A Change of Rôles

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II. THE ELECTION CAMPAIGN: A CHANGE OF RôLES

THE election campaign has, at the moment of writing, run more than half its course, and so far it has been one of the dullest campaigns in recent experience. It is the first election in which radio broadcasting has been extensively used in Canada, and there is a disposition on the part of political leaders to blame the new invention for poor audiences at their meetings, and a general boredom with political controversy. Both Premier Mackenzie King and Mr. Bennett have at intervals addressed the whole country through national hook-ups, which carried their voices to the remotest corners of the Dominion, and they have found considerable difficulty in introducing into their speeches a variety which would keep their unseen audiences interested night after night. As the campaign has proceeded there is evidence that the volume of these invisible audiences has been steadily diminishing, and that many radio enthusiasts have, after a few nights, devoted their attention to the lucubrations of "Amos and Andy," two famous American comedians, in preference to Mr. King and Mr. Bennett.

The chief weapon of the Conservatives has been the grave unemployment situation which prevails in many parts of Canada. It is serious in Montreal, where at the beginning of July there were said to be at least 40,000 workless people, but it is even more serious in the prairie provinces, where it is usually non-existent at midsummer. Unfortunately this year not only has there been a general curtailment of new building construction and industrial activities in the prairie country, but the farmers, through a shortage of cash, have found themselves compelled to rely largely upon their own households and to dispense with the extra labour which they usually employ during the summer. Estimates vary about the number of workless

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people in the West, but it is stated to be not far short of 100,000. The Liberals have been arguing that unemployment is a world-wide phenomenon, and that in regard to employment Canada is still relatively much better off than the United States, Britain and other countries. However, the Prime Minister, who had some stormy meetings in the West, found it necessary to recede from his earlier position—that unemployment was purely a provincial or municipal affair which did not concern the federal government—and to announce that, if any province made representations that its unemployment situation had come to a point where it could not cope with it, his Government would consider ways and means of assistance.

The Liberals have claimed that their general administrative record entitles them to a new mandate, and that the late budget is a master stroke of fiscal statesmanship, which will at no distant date set Canada once more on the road to prosperity. In the West they have been appealing for the support of the farmers on the ground that the budget will help to solve what is now realised to be the difficult problem of marketing Canada's exportable surplus of grain. The argument which has been very ably stated by Mr. Dunning is that the high tariff policy of a numberof European countries, which have imposed almost-prohibitive duties upon grain imports, has made Canadian farmers more than ever dependent upon the British market, and that, under the circumstances, the proper policy is to cultivate it, and increase the purchasing power of the British consumer by a tariff policy which offers a more generous market in Canada for British manufactured goods. In one of his speeches Mr. Dunning said :-

These tariff favours to those who favour our products are not the result of any bargains with any other country, but of an attitude in international relations which we believe to be mutually beneficial, and are an expression of the spirit in which Canada will approach the Imperial Conference in a few months' time. In other words, we do not intend to meet the other countries of the British Common-

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wealth of Nations in any spirit of petty bargaining, but rather in the broad spirit of a willingness to become in ever-increasing measure good customers to those who treat us in like manner. This is the spirit in which we desire to meet all nations, but we believe that within the British Empire lies the greatest opportunity for the mutual development of trade, because of our common heritage, kindred institutions and common patriotism.

In his speeches in eastern Canada, moreover, Mr. Dunning invited the eastern industrialists to support the budget, on the ground that it would increase the purchasing power of the West, which is their best market, and from whose travail they are now suffering. He also pointed out that in recent years Britain has been buying more than twice as much from Canada as she has been able to sell to her, and declared that this condition could not continue indefinitely.

During the campaign Mr. Bennett has emerged as a forthright economic nationalist, whose affection for the Empire may be strong, but is subordinate to his passionate zeal for the improvement of the fortunes of his native Canada. He has repeatedly attacked the preferential features of the budget as a sacrifice of Canadian industrial interests without any adequate recompense, and has announced that, if he is returned to power, he will insist at the approaching Imperial Conference that Britain grant a reciprocal preference or forfeit the special privileges which she now enjoys under the Canadian tariff. In the speech in Winnipeg with which he opened his western campaign, Mr. Bennett thus proclaimed his economic faith:—

If our offer to England and the other Dominions of the Empire is intended to be but an empty one, then in common decency to the Empire I oppose it. If it means that we are to admit free into our market goods in competition with our own, without securing a real benefit for ourselves, and without obtaining a preferred place in their markets for our products, then I also oppose it as Macdonald did, for it is not good for Canada. What right has the Government, by its premature unreasoned action, to imperil the success of the

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Imperial Conference? When our Canadian representatives me with those of other parts of the Empire, they will do so, if I have honour of the instructing of them, with the principle definite in mind that the future of the Empire rests upon the upbuilding Canada. They must also approach the problem with the fixed identical that there can be no treaty for Empire trade which does not ensure the proper safeguarding of the agricultural, industrial and other workers of Canada.

On other occasions Mr. Bennett has developed the thesis that, since North America has become the gree centre of economic power and momentum in the world it is more important for the future of the Commonweak that the particular unit of it which is situated in the North American continent should be economically strong and powerful, capable of holding its own with the might United States, than that a few British industries should be helped in their embarrassment. He has also pledged himself, if he comes into office, to call a special session d parliament for the purpose of dealing immediately with the unemployment situation by an upward revision of the The Liberal spokesmen and tariff and other measures. papers retort that Mr. Bennett is disqualified by his professions of faith from being a satisfactory representative of Canada at an Imperial Conference, at which one of the main tasks of the delegates will be the stimulation of inter-Imperial trade. The Ottawa Citizen, for example, has declared that Mr. Bennett is clearly planning for Canada the high protectionist policy and corporation rule which Wall Street has been able to impose upon the United States, and that the Liberals were entitled to the support of every voter who believed in the ideal of the British Commonwealth, and wanted fuller trade co-operation between its units.

Here, therefore, is revealed a curious shift in the position of the two historic parties. Since the war the Liberals have shown a disposition to emphasise the nationalist ideal, and at times they have alarmed some of their supporters who agree with General Smuts that the time has

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come to give more consideration to the solidarity of the whole Imperial structure. The West, to which recent events had brought home a sudden realisation of its dependence upon the British market, had become particularly restless about the fruits of extreme nationalism. There is, thus, obvious advantage to the Liberals in representing themselves as the genuine Imperialists who are ready for practical measures of co-operation with the other units of the Commonwealth.

The Conservatives, on the other hand, have always evinced a deep dislike of various manifestations of the nationalist spirit such as the establishment of Canadian legations in foreign capitals, and have professed to be the zealous guardians of the Imperial ideal in Canada. Mr. Bennett, indeed, has always been counted one of the most perfervid Imperialists in Canada, and he roundly denies that his passion for the Commonwealth has in any degree abated, but under his leadership the Conservative party is now committed to a nationalist-protectionist economic policy of the type which the Scullin Ministry is attempting to carry out in Australia. It apparently has the support of all the leaders of Conservative opinion, and the fundamental motive behind it is probably a desire to tap once more the great reservoir of Conservatism which exists in the province of Quebec. In French Canada political nationalism is now a deep-rooted faith, and its natural corollary is local protectionism. The Liberal party, in order to keep its hold upon the West, has been forced to make dents in the existing tariff for the benefit of British goods, and the Conservatives may be able to convince the people of Quebec that they are being sacrificed for the sake of the prairie farmers. It may be that the bitter prejudice against the Conservative party which was aroused by the conscription controversy, although slowly dying, will still retain enough force to keep the Conservative gains in Quebec at a low figure during the present election; but Mr. Bennett, if his policy does not carry the day at the 853

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present election, has probably paved the way for Conservatism to secure substantial reinforcements from Quebe at the next election, and then to come into power with a definite majority. Nationalism is essentially a Conservative force, and it is a logical step for the Canadian Conservatives to become the exponents of nationalism. They may, however, shed no small contingent of their old supporters to the Liberals, who would have no future except as the assiduous advocates of Imperial co-operation, perhaps even of free trade within the Empire.

But in these developments there are some comforting features. For one thing, although they may produce temporary confusion of ideas and much searching of heart for individuals, they promise to produce in Canadian politics a coherence and reality which have been sadly lacking for many years. Moreover, they seem to indicate that the tide of extreme nationalism, which has run so strong since the war, is now ebbing, and that both the historic parties are firmly committed to the idea of maintaining the solidarity of the Commonwealth. however, emerged a clear-cut divergence of opinion between them concerning methods: the Liberals, while standing firm for political autonomy, are prepared to go a considerable length in trade co-operation; while the Conservatives are ready to co-operate in the political sphere and defence measures, but are unwilling to make much sacrifice of Canadian industrial interests for the benefit of other parts of the Commonwealth. At present it is making people rub their eyes to find the Liberal Toronto Globe denouncing Mr. Bennett as a dangerous politician who for the sake of the Commonwealth's future must at all costs be kept out of office. If Mr. Bennett and his party come into power they may discover that Canadian public sentiment is too strongly in favour of Imperial trade co-operation for them to flout it.

The Conservatives have had one great advantage in the campaign in the active assistance of the five provincial

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The Election Campaign: A Change of Rôles administrations which are at present controlled by the party; the Liberals have only the benefit of the support of two, while the remaining pair, being under Progressive control, are therefore more or less neutral. Led by Premier Howard Ferguson of Ontario, the five Conservative provincial Premiers elected to interpret Mr. King's unfortunate "five cent" speech as an attempt to dragoon voters in their provinces into supporting the Liberal party, and a challenge to themselves, and they have thrown all their influence and electioneering resources into the campaign on behalf of Mr. Bennett. Mr. Ferguson has been particularly active, and he has carried on an intermittent controversy with Mr. King about the respective rights of the provincial and federal Governments in regard to water-powers. He has categorically charged that Mr. King is setting up for the federal Government wholly inadmissible claims to power rights, which in his view belong to the provinces, and that his attitude has been responsible for the delay in the construction of the St. Lawrence Waterway. It is clear, indeed, from the publication of correspondence between Mr. King and Mr. Ferguson, and from the somewhat acidulated exchanges which have taken place between them, that the gulf which divides their positions is still wide, and the whole problem of the confusion which now exists in different phases of the nation's business about the conflicting claims of the federal and provincial authority cannot be indefinitely shelved.

In recent years there seems to have been some indication of a weakening of the strength of the federal structure, and this is regarded with apprehension in some quarters. If this tendency were allowed to proceed, the federal Parliament's activities might be limited to little else than the tariff, the allocation of public works, and the control of external affairs. The tariff is nowadays largely a sectional squabble, while the patronage feature of public works is one of the most bedevilling influences in Canadian Politics. As a consequence, imperial and international

problems might have a better chance of receiving adequate attention at Ottawa, but there is also the danger that people with a taste and aptitude for public life would not think it worth their while to enter the federal Parliament.

No attempt has been made in this article to essay any forecast of the approaching election, as the result of the polls will be known long before it is in print. Two provincial elections which were held in June gave very little guidance about the trend of public opinion, but the return of the Baxter government in New Brunswick and the Brownlee government in Alberta, both by very comfortable majorities, revealed that in the former province Conservatism was still dominant, and that in the latter Progressivism had retained its strength.

Canada. July 25, 1930.

### Postscript.

Since this article left Canada the general election has taken place and resulted in a Conservative victory. The figures, compared with the 1926 election, were as follows:—

			1930	1926
Conservatives	 S	18	139	91
Liberals			89	118
Progressives			12	31
Labour			3	3 0
Independents			2	2
				EDITOR.

## AUSTRALIA

#### I. THE IMPERIAL CONFERENCE

THE position of Australia in relation to the Imperial Conference and its problems differs from that of any of the other Dominions. In this country the declarations of status which have been made since the conclusion of peace have been neither preceded nor followed by any expressions of public opinion either in support or in criti-The pace has been set by the statesmen of other Dominions, by those of Canada, South Africa and the Irish The people of Australia have acquiesced, but have joined neither in the applause which has been heard from Canada and South Africa nor in the mild dissent which has been uttered in New Zealand. Of the two documents by which it has been attempted to apply the formulæ of the conferences to the legislation and administracion of the Empire neither has been given a prominent place in public discussion. The Balfour Report has had little consideration in Parliament and none at a general The report of the Dominion Legislation Conference of 1929 has been printed as a government paper, election. but has not been brought before Parliament, and, except in connection with the appointment of the Governor-General, has excited no comment in the daily press. Mr. Scullin, before he sets out for England, will no doubt give the Federal Parliament an opportunity of discussing the agenda for the Imperial Conference on which this report

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must hold an important place. But there is no sign at present that he will be able to take with him to the Conference any assurance that the Australian people either approves of the recommendations contained in these two reports or has expressed any marked dissent from them.

This attitude should not be interpreted as a symptom either of indifference to the value of the unity of the Empire or of the absence of an Australian national sentiment. There is a definite Australian nationalism, but it has not in responsible quarters found anything inconsistent with its claims in the continued existence of the machinery of an earlier stage of constitutional development or in methods of organisation which recognise the overwhelming responsibilities of British Ministers. It should, however, be kept in mind that the attitude in Imperial affairs of the present Ministerial party is in general accord with that of Canada and South Africa, and it would not be surprising if Mr. Scullin were to find himself at the Imperial Conference much more in sympathy with those Dominions than Mr. Bruce would have been. Nevertheless there is a difference in outlook between Australia and the other Dominions, doubtless explained by the absence of racial divisions and the absorption of all political parties in industrial and economic problems. The fact is that the majority of Australians believe that the safety and prosperity of their country is dependent on the maintenance of the unity of the Empire, and the attention of successive Ministers has been directed to economic advantages, sometimes no doubt without an adequate recognition of what is expected from them in return.

For this reason our contribution to the problems of Imperial relations has been in the direction of improving the means of co-operation and consultation between Australian and British Ministers and not in the direction of emphasising the symbols of equality and autonomy. Suggestions have been made that the Commonwealth should follow the example of other Dominions and appoint Minis-

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ters to foreign capitals, but they have been rejected both by Mr. Bruce and Mr. Scullin. In Australia it is not thought that Ministers are needed to safeguard Australian interests abroad, or for the purpose of showing that the Dominions are independent nations. Similarly there has been no demand for the repeal of Acts such as the Colonial Laws Validity Act and the Foreign Enlistment Act, which is recommended by the Dominion Legislation Conference. These Acts are evidently regarded by other Dominions as symbols of the supremacy of the Imperial Parliament and as therefore inconsistent with accepted doctrines. If the Imperial Parliament were to use its legal powers in such a way as to encroach on the self-government of the Commonwealth, resentment would be quickly felt and expressed. But that event has not been seriously contemplated for many years past, and the legal supremacy of the Imperial Parliament has come to be regarded as something which involves no danger and which in an emergency may play a convenient part in the machinery of government. Of the external activities of the Commonwealth the most important are those which relate to customs and to migration. It has made commercial treaties and political agreements with foreign countries restricting the migration of their nationals. In these matters it has not found, or at any rate has not realised, any difficulty arising from its international status, nor has it suffered any inconvenience arising from the lack of a power of extra-territorial legislation.

The danger involved in this attitude is that Australia may become committed to changes which she has not contemplated, and which are not suitable either to her conditions or to her aspirations. The danger may not prove serious so long as the relations of the component parts of the Empire are expressed in a formula. Canada, South Africa and the Irish Free State may appoint their ambassadors, Australia and New Zealand may continue to exist without them. The Free State and the South

## Australia

African Union may abandon the right of appeal to the Privy Council, Canada may continue to have her constitution interpreted by the Judicial Committee, and Australia may exercise the limited right allowed by the Constitution of the Commonwealth. But when ambiguous formula are translated into the precise terms of legislation the danger becomes acute. It may be, then, that General Smuts will be proved to have been right in his warning against leaving the Constitution "to the mercy of lawyers and legal formalists," even although the lawyers are only carrying out the instructions of statesmen. then demand an answer which otherwise might have been settled by the lapse of time, and a Dominion may have to choose between being committed to an unacceptable relationship or breaking through the unanimity which has hitherto been preserved.

It might be said that the rumour of a proposal to appoint the Chief Justice of the High Court to be Governor-General in succession to Lord Stonehaven proves that Australia is no less anxious than the other Dominions to emphasise her autonomy. The rumour has been neither confirmed nor denied and may have been without substance, but the appointment was advocated by some of the left-wing supporters of the Government, and its reception by a predominantly Opposition press was not altogether hostile. Very few advocates of the appointment, however, based their case on the change in the functions of the Governor-General as defined in the Balfour Report, or one the need for making a gesture of separation. The ground taken was that there were Australians fit for any position in the Commonwealth and that Australia should reserve her richest gifts for her own people. To the public the rumour came as a complete surprise, for the office of the Governor-General has not been discussed at any general election or in the Federal Parliament. It is fairly safe to say that in the discussions which have followed the rumour of the Chief Justice's appointment the change has been

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generally condemned. There has been a fairly general admission of the advantages to Australia of having a Governor-General experienced in the working of selfgoverning institutions but not associated with any party or State, as well as of the benefits which Australia has derived from the presence in England of men who during their five years of office have gained a first-hand knowledge of her position. A strong case can be made for reducing the expenses of the Governor-General's establishments in Canberra, Melbourne and Sydney. It is certain, however, that there has been no widespread demand for a change in the practice of appointing an Englishman to this office and that there would be considerable opposition to it. The subject is no doubt a proper one for discussion at an Imperial Conference, but there seems no reason why each Dominion should not make its own arrangements in accordance with its own conditions and the wishes of its own people.

From the Balfour Report it appears that, while the question of appeal to the Privy Council is a proper subject for consultation, no objection would be raised by the British Government to a claim by any Dominion that its own people should be deprived of the right of appeal, and it appears from this and other sources that the question is likely to be raised again by representatives of the Irish Free State. In Australia appeals are limited by the Constitution of the Commonwealth. There can be no appeal to the Privy Council on a question involving the relations of the States and the Commonwealth to each other except with the permission of the High Court, which is rarely On other questions an appeal from the High Court will lie by the special leave of the Privy Council, which is not readily granted; and there is a practically unlimited right of appeal from the State Courts. These conditions are by no means wholly satisfactory. It has been said in Australia that an appeal should lie either on all constitutional cases or on none, and that it is unfair that a defeated

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litigant in the State Courts should have the right of deciding, whether an appeal should be taken to the High Court or to the Privy Council. These defects, however, could be remedied in Australia without destroying the right of appeal in the last resort. Professional opinion would be strongly opposed to abolition, and there is no expression of public opinion in favour of it. In the report of the Royal Commission on the Constitution recently presented two of the seven members express the view that the abolition of the right of appeal would be in accordance But Australian sentiment with Australian sentiment. regards the Judicial Committee as a symbol of the unity of the Empire which it would not willingly see destroyed, and Australian litigants have expressed no desire to be deprived of this additional tribunal. One criticism, however, is unanswerable. The decisions of the Judicial Committee are regarded as binding on all the Courts from which an appeal lies, and one reason for maintaining the right of appeal is that it ensures uniformity in the interpretation of the law. It is essential therefore that the Judicial Committee should invariably be as strong a Court as the House of Lords, and it is to be regretted that the Board is sometimes no stronger than it was when Mr. Deakin advocated the establishment of an Imperial Court more than twenty years ago.

It has been said that the Imperial Conference of 1930 will mark the end of a period of centrifugal development, and that it will be the task of this and future Conferences to find means of co-operation. Whenever this process begins Australia will welcome it. The changes of the past twelve years may have been inevitable and they may have been harmless, but until better means of co-operation have been devised it seems premature to describe the British Commonwealth of Nations, as the Balfour Report would have us believe, as the most remarkable and successful experiment in co-operation which has ever been developed. The experiment can hardly be called successful as well as remarkable until some of the effort which has been expended

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#### II. THE ECONOMIC DEPRESSION\*

ROM July 1929 to April 1930 the exports of Australian ROM July 1929 to April 1930 the exports of Australian merchandise amounted to £80.8 million compared with (123.9 million for the corresponding months of the previous fiscal year. Part of the reduction of £43 million is due to the policy adopted early in the season of reducing offerings at wool auctions. For the first ten months of the current season 1,877,000 bales of wool were sold, a reduction of 545,000 bales on the sales of the corresponding period of the previous season. On the average price of £13 6s. per bale this would account for approximately 57.25 million of the reduction in exports. There is consequently a net decline of nearly £36 million in exports due, first, to a fall in wool prices from 17d. per pound in the first ten months of the 1928-29 season to 10.5d. per pound in the same period of 1929-30; and, secondly, to a decline in the price of wheat of about 20 per cent. and a reduction in the wheat harvest from 160,000,000 bushels in 1928-29 to 126,000,000 bushels in 1929-30. To the serious drop in income from exports must be added a reduction of £20 million in overseas borrowing, which has amounted to approximately £30 million per annum in recent years. Australia has raised only £10 million on short term Treasury Bills in the London market in the current financial year. She will thus experience a loss of income from exports and borrowing this year of about £55 million. Such estimates are liable to error, but the facts point to a loss of this order. The world-wide decline in prices and the stringency of the international money markets have thus combined to destroy See THE ROUND TABLE, No. 78, March 1930, pp. 404-407 and No. 79, June 1930, pp. 634-643 for further reference to the subject discussed in this section. 863

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a substantial part of the income Australia receives from overseas. Two disturbing reactions follow: a difficult exchange situation and a loss of internal spending power, passed on from the export industries and those directly dependent upon loan expenditure through the whole industrial fabric of the nation.

Australia is now preoccupied with the process of readjustment necessitated by these reactions. Three measures have been taken to remedy the exchange position: heavy exports of gold, higher exchange rates and restrictions on imports. The first has brought immediate relief, but the surplus stocks of gold will soon be exhausted, From July to March exports of gold amounted to £24,500,000, approximately 50 per cent. of the total stocks of gold held by the private banks (£25,778,000) and the Commonwealth Bank (£23,500,000) on June 30 1929. The second method of relieving the exchange position has been to raise exchange rates progressively to £6 10s. per cent. for telegraphic transfers. Australian exchange rates are normally subject to little variation. In the present difficulty a substantial increase in exchange rates was delayed until February last. High exchange rates discourage the transfer of funds accumulated in Australia on foreign account. From February to April of this year the average interest yield on Commonwealth bonds was over £6 per cent. It was more profitable to invest funds in these bonds than to transfer them overseas. It is impossible to state the amount of these funds now invested in Australian securities, but they are substantial and have in some measure relieved the exchange situation. Moreover, by depressing interest rates these funds have enabled the Commonwealth Government to convert £34,000,000 of the large war loan due in December next. With purchases from the sinking fund and surplus cash subscriptions from the loan raised in March, only £18,000,000 will remain for conversion in December. The high exchange rates have not been in operation long enough to have had a marked effect on

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imports which amounted to £115.8 million from July 1929 to April 1930, a decline of only £3.8 million on the imports of the corresponding period of 1928-29. Early in April the Commonwealth Government introduced a second tariff measure designed to reduce imports.\* Mr. Scullin, the Prime Minister, announced that (1) some luxury imports would be prohibited, (2) a further list would be subject to 50 per cent. rationing, (3) a surcharge of 50 per cent. of the duty would be levied on rationed imports of another group, and (4) a substantial number of tariff items would be subject to a 50 per cent. surcharge of duty without rationing. From the prohibitions Mr. Scullin expected a reduction of £4.25 million and from the rationing process a reduction of £1.5 million. value of the goods on which a surcharge will be made was estimated at £13.5 million, and the consequent reduction in imports at from  $\mathcal{L}_4$  million to  $\mathcal{L}_7$  million. This tariff was to be a temporary measure, but, when pressed by the Leader of the Opposition, the Prime Minister refused to fix a date for its termination. The reduction in imports from prohibitions and rationing will involve a decline in customs revenue necessitating increased taxation from other sources and thus reducing internal spending power. Reductions caused by the surcharge will be subject to the same conditions, and there will be a tendency to regard the whole measure as a further instalment of protection that will not be readily removed. Some expansion will take place in Australian industry, but the higher costs involved will ultimately increase the burden of the tariff on exports. On June 19 another tariff schedule involving increased duties on 113 items and sub-items and on one item in the excise tariff was introduced in the House of Representatives. On 24 items in the schedules submitted in November and December last, the duties have been raised, some being now fixed at 75 per cent. A feature of the new schedule is the more minute classification of im-\*See The Round Table, No. 79, June 1930, p. 643.

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ports. Increased duties have been levied on motor accessory parts, timber, hemp and flax, and vessels of less than 1,000 tons:

As a method of relieving an adverse exchange position the tariff is clumsy and to a large extent ineffective as long as internal spending power remains out of alignment with the decline of income from overseas. A more serious objection to such tariff measures is their natural resistance to speedy removal when the crisis has passed, and their tendency to inflate local costs. High exchange rates, on the other hand, act as a deterrent to imports, give relief to the exporter and encourage the retention of funds in Australia. They are, moreover, temporary in their incidence and will automatically fall as overseas funds are built up.

The internal repercussions of the exchange difficulty are now commencing to have their full effects. Declining profits in industry and monetary stringency have caused a serious drop in share values which are now on the average over 25 per cent. below the mean values of the years Official returns of unemployment for the March quarter reached the record figure of 14 per cent. and in some industries there is now a rationing of labour, wherebymembers of staffs have a short period of unemployment in rotation. All States are faced with a serious unemployment problem in the present winter. It is most severe in New South Wales where loan expenditure has been very large in recent years, and the returns from the wool clip and the wheat harvest are relatively more important than in other States. The prolonged coal dispute has also weighed more heavily upon New South Wales.

In an important statement in Parliament on April 8, Mr. Bavin, the Premier, announced that the Government proposed drastic measures to relieve unemployment, and to promote a reduction in the costs of industry, both private and State. Three measures were suggested and have been passed: first, an Industrial Arbitration Amend-

The Economic Depression

ment Bill repealing the provision for 44 hours in the 1925 Act and requiring the Industrial Commission to consider the general economic effect of awards; secondly, a Public Service Salaries Reduction Bill under which all earnings in the public services would be reduced by 81 per cent., and thirdly, a special tax of 3d. in the pound on all incomes, wages and salaries to provide a fund for unemployment relief. The restoration of a 48-hour week and the rationing of work to avoid dismissals would lower costs in industry generally and assist materially in reducing the deficit on the State railways, estimated at £2.75 million for the current year. The savings derived from the reduction of salaries in the public service would help to balance the budget, which the Treasurer estimated would show a deficit of £4 million at the end of the financial year. Finally, it was anticipated that the unemployment tax would furnish a fund of £3 million enabling the State to provide relief works. Victoria and Queensland a levy has been imposed on wages and incomes and it will yield respectively £750,000 and £1,000,000. In Queensland the Arbitration Court has granted an application of the State for a reversion to the 48-hour week in respect of many of the employees of the State. This tendency to insist on the 48-hour week has also been noticeable in recent decisions of the Commonwealth Arbitration Court. A decline in the cost of living index number from 1,825 in the fourth quarter of 1929 to 1,752 in the first quarter of 1930 has brought an average reduction of 3s. 6d. in the basic wage.

These changes in working hours and wage rates may be considered as marking the beginning of a general deflation of Jabour costs, but they are not viewed with favour in labour circles. Thus Mr. Lang, Leader of the Labour party in New South Wales, recently declared higher wages and a shorter working week to be the only solution. In Victoria the conference of the Labour party on April 21 stated that hours should be reduced in all State enterprises without any reduction in wages "so that further dis-

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missals shall be prevented and the workers already dismissed shall be re-employed." There is a distinct cleavage between the points of view of business and labour leaders and this is unfortunately reflected in politics. Labour is on the defensive and will not readily accept a reduction in the standard of living or less favourable working conditions. The oft-repeated demand that costs of production should be reduced is not unnaturally regarded as a veiled attack upon wages and working conditions. In the absence of agreement among political parties, or employers and employed, the necessary adjustment of individual incomes and costs of production to the fall in national income will be slowly made under the pressure of economic forces. This process, however, will involve social and economic disturbances that will increase costs and delay the recovery.

During May a rise in the price of wool estimated at 10 per cent. on the low levels ruling in March, and a splendid rain over almost all wheat growing and many pastoral areas, have improved the prospects of the export trade, both for the immediate future and for next season. A settlement of the long protracted coal dispute on the basis of a 9d. reduction in hewing rates per ton has now been reached and the mines have been re-opened. The owners will forego 1s. per ton in profits and the railways have reduced freight by 1s. 6d. per ton. Hence a reduction in prices of 3s: 3d. per ton has been made. But no responsible authority would regard these favourable influences as providing more than a satisfactory background for the measures of deflation that must be adopted to meet our economic depression.

#### III. FEDERAL CHRONICLE

POLITICALLY, the quarter under review has been full of incident. In the Commonwealth Parliament, apart from the financial measures referred to in the previous section, three things stand out: the Government's measures 868

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for altering the Constitution, its continued efforts to use its large majority in the House of Representatives to put into operation a considerable part of the general policy of the Labour party, and the renewed importance of the Senate. Further, in South Australia and Western Australia, new Governments have come into office as a result of general elections.

The Senate has of late often been reproached with a failure to perform efficiently the functions either of a States' house or a house of review. Representing the same electors as the House of Representatives does, it has naturally reproduced the party divisions of the other House, and when the Ministry of the day has had a majority in both Houses the Senate's part has been a very humble one. Owing to the longer tenure of office by its members, however, and a system of retirement in rotation, changes in the political complexion of the Senate are apt to lag behind those in the House of Representatives. This has now happened, the Labour Ministry being in a minority of 7 to 29 in the Senate.

The Nationalist-Country party majority has, however, been unwilling to provoke a conflict with the Ministry with its powerful majority in the House of Representatives. To do so would almost certainly result in a "double dissolution," i.e. a dissolution which would send to the polls all the Senators instead of only half of them, and Senators are naturally anxious to face the electors on an issue chosen, if possible, rather with an eye to their own convenience than to that of the Ministry. A battle of tactics has therefore been going on ever since Mr. Scullin's Government took office, the Senate passing such measures as the Bills to bring under departmental control the functions of the Development and Migration Commission and of the Federal Capital Commission to which Senators were in general opposed, and the Ministry on the other hand suffering reverses, for instance, the disallowance by the vote of the Senate of a regulation

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under the Transport Workers Act to which they attached considerable importance.

The proceedings of the session have, however, centred upon the Ministry's proposals for altering the Constitution, which were to have been submitted to the people at a referendum before the Prime Minister leaves to attend the Imperial Conference, though it was not expected that all the proposals would be passed by the Senate, and the Ministry had therefore contemplated using the special machinery provided by the Constitution, the essential words in which read as follows:

If either House passes a proposed law (i.e. for altering the Constitution) and the other House rejects it, and if after an interval of three months the first-mentioned House again passes the proposed law and the other House rejects it, the Governor-General may submit the proposed law to the electors.

The precise effect of this provision is in dispute, but it appears, under existing circumstances, to give the Senate ample opportunities of delaying the process by postponing the rejection of the proposed changes. Uncertainty counselled delay, but there were yet more urgent counsellors -Mr. Lang's threat, for instance, at a Federal conference of the Australian Labour party that in New South Wales the proposals would get only "passive" support from the Labour party, unless they were made more drastic, so, as, for example, to include the abolition of the Senate. body has now terminated a leisurely consideration of the proposals by rejecting all of them. But the Government had already abandoned any attempt to take the referendum this year and it is generally supposed that the proposed alterations will eventually be submitted to the people in conjunction with, but not as the chief issue in, a general They are therefore no longer live questions. A brief account of them may, however, be useful.

Three proposed amendments of the Constitution were put forward, to give the Commonwealth Parliament

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increased powers with regard to industrial matters, trade and commerce, and-most far reaching of all-the alteration of the Constitution. The "industrial powers" Bill proposed to substitute for the existing conciliation and arbitration power, a power to make laws in respect of industrial matters generally. This differed radically in point of method from Mr. Bruce's proposal in 1926\* since that proposal did not give a power of direct legislation in industrial matters but only a power to set up authorities for their regulation. The "trade and commerce" Bill omitted the restricting words "with other countries and among the States," thus leaving a "trade and commerce" power simpliciter. But the Bill went on to introduce an exception, excluding from the power of the Commonwealth Parliament the control and management of, and rates This Bill went much and fares on, State railways. farther than the 1926 proposals, which merely gave power to legislate with respect to trusts and combines in restraint of trade. It was in fact almost a replica, exception and all, of Mr. W. M. Hughes' 1913 Bill. third Bill, however, was something quite new in Australian history, for it would empower the Commonwealth Parliament to alter the Constitution by the ordinary processes of legislation, the only special requirements being a month's delay and an absolute majority in each House, which would place the Commonwealth Parliament on the same footing as the Parliament of any Dominion with a unified constitution.

The arguments in support of these proposals have been far from convincing. The Bills represented the kind of thing that the Ministerial party has always stood for, and with one exception the two first proposals did attempt, by conferring power over industry, trade and commerce as a whole, to avoid the existing division of powers into spheres where division is bound to produce, and has produced, difficulties both in legislation and administration. The

• THE ROUND TABLE, No. 65, December 1926, p. 172.

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exception was the proviso excluding the vital operations of State railways from Commonwealth legislative control The exception may have been politically necessary, but in days when the cry is for the co-ordination of all forms of transport, division seems disastrous from a practical point of view. The third Bill—to give Parliament full power to amend the constitution-raised issues for the adequate discussion of which the country is as yet unready. It is true that there is considerable dissatisfaction with the operation of the present mode of amendment, and that there is a quite general impression that Australia is overgoverned. But the power proposed is ultimately inconsistent with the maintenance of a federal system at all, The suggestion clearly came from the minority report of the Royal Commission on the Commonwealth Constitution\*. It was in fact put forward there as a meansperhaps the only means though its effect on State policies might be unsatisfactory—by which unification could now be achieved in Australia. On the Ministerial side, however, there was a marked disinclination to weigh the merits and demerits of federalism as a system, or to envisage any clear substitute for it other than the mere assumption of powers by the Commonwealth. Perhaps the most common Ministerial argument for the change was that the status of the Commonwealth Parliament is lower than that of the Parliaments of New Zealand and South Africa.

The reception accorded to the proposals was not encouraging to the Government. The Australian democracy is notoriously conservative in constitutional matters and no amendment has much chance of adoption unless it is supported by both parties. Such support was not forthcoming for these Bills. It was indeed probably a political error to introduce the "power of amendment" Bill at all at this stage. It has attracted the lion's share of attention in the debates, and the other two proposals would have had a better chance of success if they had stood alone. It is a

<sup>\*</sup> See The Round Table, No. 78, March 1930, pp. 408-415. 872

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matter for keen regret that while all parties agree that some amendment of the power over trade, commerce and industry is necessary, no agreement can be reached, even at this critical stage of Australia's development. The Opposition was too much inclined to judge the proposals merely by reference to the way in which a foolish, irresponsible and malevolent Government could abuse them. But a still more serious adverse factor was the antagonism which they evoked in the outlying States, especially in Western Australia and Tasmania, where the disadvantages even of such central control as federalism now implies have been acutely felt. In Western Australia indeed the mounting tide of

hostility to the Commonwealth seems to be the chief explanation of the defeat of Mr. Collier's Labour Ministry last April after six years of office. It was a popular government, and the relations between parties had been excellent. The powerful West Australian proclaimed that finance was the weak spot in Mr. Collier's administration. neither side really had a financial record bright enough to make it an effective political asset. The election was decided partly by the natural "swing of the pendulum" against any Ministry holding office during times of stringency-Mr. Collier's was the fifth Australian Government to appeal to the country within eighteen months, and all of them have been defeated, Labour and Nationalist alike. But the most powerful factor was fear of unification and hostility to the Federal Government's tariff changes, the second batch of which was announced only a few days before the poll. It was really against Mr. Scullin and Mr. Theodore, not against the popular Mr. Collier, that the

West Australian elector turned. A Labour majority of

4 in a House of 50 became an anti-Labour majority of

4. Mr. Collier's predecessor, Sir James Mitchell, has

assumed office with a composite Nationalist and Country

party Ministry, and one of the most striking events of his

first weeks of office has been the public launching of another

#### Australia

secession campaign, strongly supported by some of the members of the new Ministry.

A little earlier a change in the opposite direction had taken place in South Australia, dictated solely, it appears, by the desire for a change in hard times. After only three years of office, Mr. Butler's Liberal (i.e. rather conservative) Ministry was routed, a majority of 10 becoming a minority of 16 in a House of 46. South Australia has suffered more severely than any other State from the long drought, and is more directly affected than the eastern States by the shrinkage of primary output. Mr. Butler had incurred special odium through his attempt to check the drift in the State's finances both by retrenchment and by increased The election registered one more refusal by the taxation. Australian democracy to admit that economic readjustment must be drastic and painful. The new Labour Premier is Mr. Hill, Mr. Butler's predecessor in office. He has promised to spend more money on making work, but he cannot of course get more money. Nevertheless rigid economy by a Labour Government is apt to cause less bitterness because it excites less suspicion than economy by an anti-Labour Government.

Australia. June 24, 1930.

#### SOUTH AFRICA

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#### I. THE SESSION

IN the last number of The Round Table\* attention was drawn to some of the more important matters before Parliament. Of these, the question of native representation in Parliament was still at the end of the session in the hands of the Select Committee of both Houses. The Committee could only report that further time was necessary, and the Prime Minister, in moving the adoption of the report, undertook to ask for the reappointment of the Committee next session. In the meantime, however, the Government has appointed a Commission to investigate the economic condition of the natives—the need for which investigation was strongly brought out in the March number of The Round Table.† There has been some criticism of the personnel of the Commission. But the value of such a Commission will lie in its investigation and presentation of the facts rather than in any conclusions or recommendations which it may make. If it does something to turn people's attention away from "solutions" of the native problem to an honest and courageous contemplation of existing conditions, it will have done its work.

Another matter on which no decision was reached was that affecting the Indian population of the Transvaal.

THE ROUND TABLE, No. 79, June 1930, p. 644. † THE ROUND TABLE, No. 78, March 1930, pp. 424-431.

This question, as was mentioned in the previous number, was referred to a Select Committee of the House of Assembly. The Committee reported towards the end of the session, and recommended a Bill for dealing with the matters referred to it. Owing, however, to the contentious issues involved, and the pressure of other business, the Bill was not proceeded with. But in withdrawing the Bill Dr. Malan, the Minister of the Interior, announced that it would be introduced next session in the same form, The Bill deals with two distinct matters: (I) the occupation by Asiatics of trading and residential sites in areas which have been proclaimed under the Gold Law of the Transvaal; and (2) the evasion by Asiatics of the prohibition which has been in force since 1885 against the ownership of land in the Transvaal by Asiatics. As the Asiatics concerned are, with a few exceptions, Indians, it will be more convenient to refer to them throughout as Indians.

The first question was dealt with by Parliament in 1919. The position then was that the prohibition contained in the Gold Law against the occupation of ground on proclaimed land by coloured persons had been allowed in. practice to fall into abeyance, and a large number of Indian traders had established themselves in towns along the Witwatersrand on sites which by law they had no right to occupy. After a Select Committee of the House of Assembly had investigated the matter, an Act was passed in 1919 condoning the illegality in the case of any British Indian carrying on business on May 1 of that year, or his successor in title, so long as the business was carried on on the same site, or on another site in the same township. Unfortunately, the same slackness in enforcing the prohibition continued after the Act of 1919 as before, and to-day a large number of Indians, variously estimated at from 400 to 600, are residing and trading on sites which, notwithstanding the condoning Act of 1919, they are not legally allowed to occupy. The Bill proposes that this illegal occupation shall be terminated within the next five years.

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illegal years. It also provides that urban local authorities on proclaimed land must, within a year of the commencement of the Act, define an area for the accommodation of Indians for residential and trading purposes, and, if the Government approves of the area as meeting the reasonable requirements of the Indians for residential and business purposes, the prohibitions against ownership and occupation of land by them will be withdrawn as regards that area. If the local authority fails to set apart such an area within the year the Minister of the Interior is required, in consultation with the local authority, himself to define such an area.

The Indian community of the Transvaal has always offered the most strenuous opposition to any policy of what they call segregation. Certainly the sites which have been set apart for them in the past by local authorities have not been such as to attract them. In those cases, however, there was no intervention by the Government to ensure that the areas selected should be reasonably suitable for residence and trading purposes, and, as no security of title was offered to Indians who might choose to go there, they had no inducement to erect anything in the nature of permanent improvements. The Indian objections to separate areas are not, however, confined to the question of the suitability of the areas. The policy is condemned root and branch as derogatory to their pride of race. If these objections could be overcome-and they can only be overcome if approached in a spirit of statesmanship and honourable compromise on both sides—a great cause of friction between the European and the Indian communities in the Transvaal would be removed. Trade rivalry no doubt is partly responsible for the trouble. But such figures as are available do not show that the Indian trader in the Transvaal is increasing in numbers at the expense of the European. A more serious cause of friction is the penetration by Indians of trading and residential areas occupied by Europeans whose means compel them to live in close proximity to each other. Separate areas would

avoid this trouble, but such a policy will require for its attainment a spirit of tolerance which at present is not conspicuous on either side.

The other provisions of the Bill relate to the law prohibiting Indians from acquiring ownership of land in the Transvaal. This law has been largely evaded in the past by the formation of private companies actually, if not nominally, controlled by Indians, by secret trusts, and other devices. The Bill endeavours to close these loopholes. Whether its somewhat drastic provisions will achieve their object as against the legal ingenuity of the Indian and his advisers remains to be seen; but the intention is merely enforcement of existing prohibitions and not the imposition of new ones.

Other matters which require more than a passing reference are the budget and a debate which took place in connection with the forthcoming Imperial Conference.

For the first time since 1924, when the present Government first assumed office, the Finance Minister had to present a "depressed" budget and to impose instead of reducing taxation. The year 1929-30 closed with a surplus of £400,000 in round figures, but the revenue figures for the closing months gave warning of more difficult times ahead, and the estimates for the current year on the basis of existing taxation showed a deficit of £1,388,000. To meet this the Minister carried forward the surplus from last year of £400,000, abolished the 20 per cent. rebate which income taxpayers had enjoyed for the past two years, and carried forward a deficit of £425,000, which it is hoped to meet by reduced expenditure.

The State diamond diggings in Namaqualand continued during the past year their remarkable contribution to the Exchequer. Diamonds sold during the year realised £2,066,000 against an expenditure on the diggings of £186,000. After deducting the expenditure and an amount corresponding to income tax the balance of £1,598,000 was paid into the loan account. An amount of

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an e of  $\int_{2000,000}$  was paid to loan account from the same source in 1928–29. Diamonds on hand at the end of the year were valued at  $\int_{2000,000}$ . The intention is to treat future sales in the same way, i.e., to pay the net receipts over to the loan account for expenditure of a capital nature. The loan account has also benefited to the extent of  $\int_{2000,000}$  after a contribution of  $\int_{2000,000}$  so to the sinking fund. These contributions of non-interest-bearing capital to the loan account have materially eased the requirements of the Treasury from the loan market and helped to maintain the sound position of the State's capital account.

The net amount of the public debt, after deducting unexpended balances and the value of sinking fund investments, was on March 31 last £224,279,000. This includes the debts of the four provinces, as they borrow only from the Union Treasury. As against this obligation the capital account of the railways and harbours stands at £166,000,000. The unproductive debt—by which is meant debt represented by assets which do not directly return interest to the exchequer—is estimated in round figures at £43,000,000.

The Imperial Conference of 1926, in agreeing to its declaration as to the autonomous and equal status of the members of the British Commonwealth of Nations, reported that existing administrative, legislative and judicial forms, dating back as they do to a time well antecedent to the present stage of constitutional development, are admittedly not wholly in accord with the new declaration as to status. It accordingly recommended that steps should be taken by the United Kingdom and the Dominions to set up a Committee to consider what legal and constitutional changes were required to remove these anomalies.\* The reference to the Committee included the following matters:

(I) the reservation of Dominion legislation for His Majesty's assent and the disallowance by His Majesty of Dominion

<sup>\*</sup> An article dealing specially with the subject will be found on p. 709.

legislation; (2) the competence of Dominion Parliaments to give their legislation extra-territorial operation; (3) the repeal, amendment or modification of the principles underlying or embodied in the Colonial Laws Validity Act, 1865, in the light of existing relations between members of the Commonwealth as described in the Conference report.

To these was added by subsequent agreement between the Governments a further reference, viz., (4) the principles which should govern in the general interest the practice and legislation relating to merchant shipping in the various parts of the Empire having regard to the change in constitutional status and general relations which has occurred

since existing laws were enacted.

The report of the Committee is signed without reservation by the delegations of the United Kingdom and the Dominions, and deals in a clear and comprehensive manner with the difficult questions of statute and constitutional law referred to it. It is impossible within the compass of this article to deal with its recommendations in detail. As regards the disallowance and reservation of Acts of Dominion Parliaments the recommendation is that the statutory power of disallowance contained in Dominion constitutions (e.g., in section 65 of the South Africa Act) that is the power given to His Majesty to disallow any law within one year after it has been assented to by the Governor-General—should be withdrawn; that the power of the Governor-General to reserve Acts for the signification of His Majesty's pleasure should be exercised in accordance with the constitutional practice in the Dominion governing the exercise of the powers of the Governor-General, and that, in the case of Acts so reserved, the King should not be advised as to the signification of his pleasure by his Government in the United Kingdom against the views of the Government of the Dominion concerned.

As regards the powers of Dominion Parliaments the Committee recommends that a declaratory Act should be

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passed by the Parliament of the United Kingdom declaring that the Parliament of a Dominion has full power to make laws having extra-territorial operation. It is further recommended that the Colonial Laws Validity Act of 1865 shall no longer apply to the laws passed by any Dominion, and that no law and no provision of any law made by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England or to any Act of the British Parliament, and that no law hereafter made by the British Parliament shall extend to any Dominion otherwise than at the request and with the consent of that Dominion. Detailed recommendations are made in the matter of the Merchant Shipping Act which need not be discussed here.

Besides the matters more directly referred to it the Committee deals with the question of defining the status of nationals of the respective Dominions, and with the establishment of a tribunal as a means of determining differences and disputes between members of the Commonwealth. On both these matters the Committee recommends further examination and consultation by the Governments of the Commonwealth. It also made an important recommendation on the question of the law governing the succession to the Throne in the following terms:-

Inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

It was mainly on this recommendation that debate arose in the House of Assembly when the Prime Minister moved a resolution approving the report. General Smuts, in giving general assent to the recommendations of the report,

interpreted the recommendation quoted above as putting an end to any question of secession, on the ground that a member of the Commonwealth could only withdraw from its common allegiance to the Crown with the consent of all the other members. This interpretation was at once warmly repudiated by the Minister of Finance and by General Hertzog himself as destructive of the root principle of the new constitutional position as declared by the Conference, viz., that the Dominions are

autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.

In the result, an amendment moved from the Government side, with the concurrence of the Prime Minister, was carried on a party division. The amendment consists of a proviso—added to the original motion approving in principle the recommendations of the Committee—in the following terms: "Provided that section 60 of the report shall not be taken as derogating from the right of any member of the British Commonwealth of Nations to withdraw therefrom." The resolution in its amended form was approved by the Senate and therefore constitutes the mandate from the Union Parliament to the Ministers who will represent the Union when the Committee's report is discussed at the forthcoming Conference.

In the debate which took place the discussion ranged around the question of the advisability of making a declaration such as that contained in the amendment rather than on the right of a member of the Commonwealth to seced. Where it touched on the question of what is really involved in the constitutional relations of the members of the British Commonwealth under the declaration adopted by the Conference of 1926 there was no clear division of opinion. General Hertzog, ever since his return from the

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Conference, has laid stress on two features of our association in the Commonwealth—one that the status of members is one of complete equality, and the other that the association is one of complete freedom. If either of these features were now to be denied, or accepted subject to substantial reservations, it is quite clear that he and those for whom he speaks would not regard membership of the Commonwealth as compatible with the national aspirations of the Union, or as complying with the declarations of British statesmen during and since the war. On the other hand, the constitutional purist, and those who have grown up in the older traditions of empire and are unable or unwilling to adjust their ideas to the new conceptions of national freedom and independence, hesitate to accept a statement of the formula of membership which seems to them to abandon the last thread of coherence in the Imperial fabric. Perhaps it would have been better if an exact declaration as to the rights of withdrawal could have been postponed until we have all had a longer experience of the working out of the relationship under the new conditions of the postwer world. Our political institutions are the fruits of growth and practical experience, rather than of plan and scientific definition. But the question having once been raised must be answered, and the answer must be on the side of freedom and not of restriction. The withdrawal of one of the Dominion States from its allegiance to the Crown would be in the nature of a revolution. It is impossible to legislate in advance for such a contingency, or to foresee what its repercussions would be both internally in the Dominion itself and on the interests of other members But it seems clear, from the associated with it. historical development of what is now the British and from the formal of Nations, Commonwealth declaration of its constitutional status adopted by all its members in 1926, that the only bond of Union that can now be recognised is that of free association in allegiance to the Crown. 883

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# II. THE APPOINTMENT OF PUBLIC SERVANTS IN SOUTH AFRICA

T is inevitable that as parliaments add year by year to the functions undertaken by the State, attention should need to be directed more and more to the qualifications of the officials who constitute the public services, as well as to the cost of administration. Permanent officials to-day can and frequently do wreck governments. liability to do so is, moreover, increased rather than reduced by the vulgar remedy of packing the services with political adherents; for it is usually shortcomings of the head rather than of the heart which are to blame. When a department blunders on a major scale, it is the political head, and possibly the government, that pays the supreme penalty: the permanent officials remain to harass their successors. The growing necessity to delegate to departments the power to legislate by proclamation and government notices, and to administer at their own discretion legislation which interferes more and more with the daily life of the citizen, renders a government more and more subject to censure for the acts of civil servants. It is, therefore, of the first importance that the methods of appointment of public servants should be scrutinised periodically in order that the system in force may secure the best fitted officers for every post.

South Africa is certainly fortunate in its public servants, who are of a quality which is surprisingly high when one considers, on the one hand, the smallness of the population and the youth of the educational institutions from which the service now has to be recruited, and, on the other, the full range of work which parliament has decreed shall be undertaken. To show that methods of appointment still leave much to be desired, is not of course to suggest that the existing officers who are at present giving of their best

The Appointment of Public Servants

should or could be doing better work. But conditions have changed so enormously in the last decade as regards both the numbers and educational standard of the candidates for employment in the public service, and also the nature of the work to be undertaken, that the time is opportune for a review of the situation.

This brief article will be devoted firstly to an outline of the development of the regulations controlling the qualifications for admission to appointments in the administrative and clerical divisions of the public service, and the methods of selection adopted; and secondly to a criticism of the existing practice in this respect, concluding with some observations on the existing differentiation in the treatment of men and women, and on the status and powers of the standing Public Service Commission.

#### 1. Entrance Qualifications and Methods of Selection

The standard of educational attainment which is required to-day of candidates for admission to the clerical division and (since the normal avenue thereto is by promotion from the clerical division) the administrative division of the public service in South Africa is matriculation in the case of men; while women candidates, who are eligible at present for admission only to clerical gradings on lower rates of remuneration, must possess the junior school certificate, normally taken in the schools two years before Matriculation. In the case of every appointment, the standing Public Service Commission is empowered by the Public Service and Pensions Act of 1923 to make a recommendation from the list of eligible candidates to the Minister of the department concerned, who makes the appointment, and that recommendation can be rejected only with the sanction of the Governor-General. Leaving aside for the moment the special case of women, two observations may be made at this point on this system of

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requiring a qualifying standard of education. In the first place, the qualifying standard decided upon is entirely relative to the progress of educational provision in the country and to the requirements of the service at the time the decision is made. It is not to be assumed that the standard implied by the possession of the matriculation certificate has always been or will remain for all time the most appropriate for all classes of work to be performed, In fact, the adoption of matriculation was simply the last of a long series of modifications introduced in the Cape Colony since 1848, and commissions of enquiry have repeatedly emphasised the need for a much higher educational qualification for the sort of post which is flow termed administrative. In the second place, as educational provisions increase, the time will eventually arrive (it will be argued later that it has now come) when a recourse to open competition will alone relieve the selecting authority of embarrassment, and when the qualifying test will have to be superseded.

### (a) Pre-Union Development

The history is worth recording and at the same time renders the present system more easily comprehensible. There is to be found in the Cape archives the report, presented in 1848, of what was probably the first expert commission on the Civil Service of the Colony, appointed in 1847 by Governor Sir Harry S. W. Smith. Its recommendations, together with the covering memorandum of John Montagu, Colonial Secretary, and the marginal comments of the Governor, make interesting reading. The commissioners, finding that "there has not hitherto existed in this Colony, any fair, judicious or proper system, in regard to the qualification, appointment, or promotion of that important portion of the public service the duties of which are performed by clerks," pressed for the examination of every candidate nominated by the Governor, to

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ascertain whether he be "well acquainted with the first four rules of arithmetic, that he wrote English freely and legibly, and appeared healthy." The Colonial Secretary supported this recommendation, but insisted, and was supported by the Governor, that the standard of education laid down for ordinary clerks would be entirely inadequate for his "corresponding clerks" in the Colonial Office, who must be educated gentlemen and could not be recruited by promotion from the ordinary grade.

The first Civil Service Rules published in 1850 therefore provided for a qualifying examination of candidates for ordinary clerkships, to be conducted by a board of heads of departments. In 1858 the conduct of the examinations was taken over by the newly constituted Board of Examiners in Literature and Science. The standard was deplorably low; in 1860 when new regulations were promulgated, a Government notice drew attention "to the defective spelling, incorrect copying and slovenly handwriting of many who had passed the Board's examination," and, with the object of raising the standard, the former Public Service Examination was in 1863 replaced by a Third Class Certificate. The Board of Examiners was in 1873 merged by Act of Parliament in the newly constituted University of the Cape of Good Hope, the council of which was to draw up regulations for public service examinations, but when the 1881 Commission on the Civil Service in the Colony issued its exhaustive report in 1883, it found that the University Council had done nothing, that the necessity for any preliminary examination had been lost sight of,

and that no examination of any kind was then insisted upon. Patronage, formerly exercised by the Governor or the Colonial Secretary, had since responsible government been exercised by the Minister in charge of each department, or by the permanent head. A return to the system of requiring a qualifying entrance examination was strongly recommended by the 1881 Commission. "In addition to other advantages, a very welcome relief will be afforded

to Ministers, by freeing them from the embarrassing position in which they must often be placed through the pressure brought to bear upon them for the exercise of patronage." Because, in the then early stages of educational development, insufficient candidates would be forthcoming who had matriculated at the Cape University, a special Civil Service examination, comprising some only of the matriculation papers each year, was recommended. The Civil Service Act of 1885 gave effect to this and the other main recommendations of what is undoubtedly an outstanding report; and a standing Civil Service Commission was set up in 1886 to draw up regulations, conduct eraminations and maintain the official lists of successful candidates from which alone Ministers in future might exercise their discretionary right to select persons for appointment to clerkships. A codifying Act of 1895 reaffirmed these principles, which controlled the Cape Civil Service until Union.

English readers may recognise in this development a parallel to the process which in England is associated with the writings of Burke, Bentham, Sir Henry Taylor and Macaulay, and with the reports of the Northcote-Trevelyan, Playfair and Ridley Commissions. Apart, however, from . the insistence of the Colonial Secretary in 1848 on freedom, to recruit men of the highest available intellectual attainment for the higher posts in the Colonial Office, there was as yet little recognition in the Cape of the necessity for institut, ing a regular system of appointment for administrative, as opposed to executive, posts, and of the inadvisability of attempting to fill these higher positions solely by the promotion of clerical officers whose general educational attainment (on account of the early age of appointment) is necessarily low and whose routine duties provide no manner of training for work demanding powers of thought and perception, but tend rather to unfit them for such posts.

The case for the separate recruitment of administrative

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officers by open competitive examination of university degree standard was argued in the most cogent and persuasive terms in the sixth report of the strong commission appointed in 1904 to enquire into the Public Service of the Cape, a commission which was fortunate in the assistance of an officer with expert knowledge, lent by the Imperial Government, "Mr. J. S. Meston, who lately held the position (states the report) of Financial Secretary to the Government of the United Provinces of India." That report still stands as the most convincingly argued statement of the principles that should underlie the recruitment of the public services that has yet been presented to the South African people. It argued for open competition, rather than a mere qualifying test, since "the element of patronage will thus be finally eliminated." As regards ordinary clerkships, a qualifying examination (that for the Higher School Certificate) was preferred to an open competition, to avoid the cramming which usually accompanies competitive tests of an elementary nature and because of the difficulties of devising a suitable form of test of a purely literary character; but it is important to-day to notice their recommendation that "if, however, it should be found in future that the supply of candidates much exceeds the demand, a competitive examination in a modified form might be introduced, in order to avoid the embarrassments of relection." That condition, as we shall see in a moment, has been more than reached.

Cape Government, faced by the financial difficulties of a severe depression, failed to give effect to the ten reports of the 1904 Commission. In the Transvaal, however, a commission including the then Mr. J. S. Meston reported on the Public Service in 1906, recommending the creation of a Public Service Board to hold annual open competitive examinations of as high a standard as the conditions in a new colony would allow, in order to attract "the very best stamp of educated youth in the colony"; and an Act 889

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was passed in 1908 setting up the Public Service Board and making further progress possible under the Act by way of regulation. In Natal prior to Union, the clerical service was mainly recruited, as in the Cape, by a qualifying examination, which was not of a severe nature.

#### (b) The Post-Union Situation

After Union, the Commission that was immediately set up to reorganise the public services did not give a clear lead in its first report issued in 1911 on the question of recruitment. While "under most circumstances there. is much to be said in favour of the competitive examination . . . . there would be little objection to recruiting from candidates who have passed a qualifying examination," the standard of which "should certainly not be lower than that of the Matriculation examination conducted by the University of the Cape of Good Hope." On the other hand, it considered the task of dividing the work into the more responsible and the routine duties respectively a difficult one; it shrank from the task of allocating officers to one or the other, and feared that the institution of a still higher educational test for the administrative work might have the appearance of a /class distinction. One member of the Commission, Mr. C. J. Bird, C.M.G., appointed too late to influence its first report, dissented so strongly that he was constrained to publish his divergent views in an annexure to the final report,\* in which he urged the division of the service into separately recruited higher and lower divisions, protested against the rejection of this ideal solution or account of purely temporary difficulties, and pointed to the very democratic provision of bursaries and scholarships throughout the Union educational system as entirely removing any appearance of social class distinction in a method of selection based solely

# The Appointment of Public Servants,

on educational attainment. The University Council, when approached in 1912, gave a still more definite answer to the Minister of the Interior in its memorandum (A.7–12) on the subject; "Men educated up to the level of graduates are repelled by positions offering nothing but clerical work, and will seldom accept and still more seldom retain them," but, "if the Civil Service were divided into a higher and a clerical division, the number of graduates is sufficient to supply the higher division and the number of candidates educated up to the level of the matriculation examination to supply the clerical division."

The Public Service Act of 1912, nevertheless, provided that the Governor-General might admit to third-grade clerkships male persons who had passed matriculation or an equivalent qualifying examination, a standing Public Service Commission being required to maintain a list of qualified applicants and to recommend as to appointments. Graduates might be admitted direct to Grade II clerkships, i.e., given four years' seniority. The only special provision for the recruitment of administrative grades was the institution of a promotion examination before clerks of five years' service could proceed beyond Class I; but this provision was later interpreted as applying only to clerks appointed after 1912, and the first annual examination was not held till 1919. It ceased entirely after 1923.

The most recent inquiry into the Public Services by the Graham Commission which was appointed in 1918 and which issued its fifth and final report in 1921, resulted in the Public Services Act of 1923, which is still operative. Full effect was not given to the recommendations of the Graham Commission. It declined, for example, to regard the matriculation examination as the most suitable test for the selection of candidates for clerical posts; and it went farther by recommending, in place of it, an open competitive examination with a wider range of subjects. On the other hand, it considered the existing promotion examination too severe and recommended merely an

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efficiency test of a more practical nature before an officer could be promoted to the Administrative Division; the desirability of throwing that division open to all competitors was not discussed at all. The Act of 1923 retained the matriculation certificate or its equivalent as entrance qualification for clerical posts, and laid down that administrative posts should be filled by transfer or promotion of an officer already in the public service, whenever that process would "satisfactorily" meet the situation.

#### (c) The Present Position and the Future

Whilst the rules governing administrative and clerical appointments in the Public Service remain as they were seven years ago, conditions have outgrown them in two main directions. First, the device of using the possession of the matriculation certificate as an entrance qualification which would at once minimise patronage and secure an adequate standard of education has broken down. With the wide spread of educational facilities the number of qualified candidates on the official register has increased far beyond the annual requirements.

		Eligible	Appointed	Removed from register	Awaiting appointment
1922	 	491	183	68	240
1923	 	652	188	183	281
1924		827	215	92	520
1925	 • •	1,200	280	293	627
1926	 	1,166	310	99	757
1927	 	1,322	276	281	765
1928	 	1,294	321	157 0	816
1929	 	1,384	359	206 *	819

The effect is that a large proportion of the country's educated youth is encouraged at a critical stage in their training to wait about at home or in temporary work for a government post, instead of pursuing a deliberate pro-

The Appointment of Public Servants

fessional training, when only one-quarter of the qualified candidates will ever be appointed. Eligible candidates might conceivably be registered when sixteen years of age and wait nine years without an appointment, after which period their names will automatically be removed from the Apart from the disastrous effects upon the youths concerned, the system must inevitably bring the standing Fublic Service Commission, no matter how carefully it does its work, under strong criticism from the disappointed relatives and friends of three-quarters of the qualified candidates. It is in such circumstances that

rumours and suspicion are bred.

Of the two possible remedies, that of simply raising the educational qualification from matriculation to, say, university graduation does not bear serious consideration. Already in 1912 the Council of the one then existing university was of opinion that graduates would not be content with ordinary routine clerical work. most of the best matriculants prefer to study in one of the five universities and five affiliated university colleges for professions which offer scope for trained intelligence. The other, and only satisfactory, solution is to institute an annual competition for the clerical grade as foreshadowed by the 1904 Cape Commission, the number of vacancies to be estimated and advertised in advance, the candidates to be appointed strictly in order of merit and to be allocated to departments by the Public Service Commission. The Commission would then be relieved of all the embarrassment of selection, and unsuccessful candidates could abandon the idea of entering the public service without loss of valuable time.

The second great change since the existing regulations were first promulgated is the greatly increased need for officers of high general intellectual capacity to administer the complicated legislation which annually fills the statute books. The arguments which in 1906 were so ably presented by the Cape Commissioners in support of a

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regular system of recruitment of administrative officers, appointed by open examination of degree standard for positions in which the work would provide a satisfying occupation to a trained intellect, apply with far greater force to-day. If this transition to open competition for the higher posts were brought about, the rights of existing officers could, of course, be safeguarded; and those in the clerical grades should in the future be encouraged to prepare themselves for the higher competitive examination, and assisted to do so by the award of service marks and the raising, in their case, of the maximum age for candidature. But in no other way can the Public Service be fed with a steady supply of those officers, drawn from the highest educational centres of the country, who are so essential to-day for the sound invention and efficient administration of technical legislation.

### 2. The Scope of Women in the Public Service

The question may be raised, perhaps not inappropriately in the year in which European women have secured adult franchise in the Union, whether adequate reasons still exist for restricting the fields of work in which women may be employed in the Public Service. The regular employment of women clerks dates from 1916, when the Minister of the Interior requested the standing Public Service Commission to frame regulations for first, second and third grade clerks. The Commission raised objections to treating men and women clerks as interchangeable and proposed as an alternative the creation of a grade of girl clerks, with the Junior School Certificate as qualification, for routine duties; and regulations were promulgated on these lines early in 1917.

The statistics of women's candidature for positions since the war exhibit to a still greater extent the features noticeable in those for men. Considering only the last

# The Appointment of Public Servants.

five years, for which clerks and typists are distinguished, the competition for posts is startling.

		Eligible	Appointed	Removed from register	Awaiting appointment
1925	 	925	117	78	730
1926	 	1,128	121	33	974
1927		1,365	114	257	994
1928		1,476	135	274	1,067
1929	 4.	1,663	134	48	1,481

Barely one in twelve of the women candidates qualified and on the register has any prospect of appointment. Whatever view one may take on the desirable scope of women's work, such figures reveal a most unsatisfactory position. Educational facilities for girls have improved as rapidly as those for boys, the universities are open equally to both sexes, and yet the qualifying standard for women clerks in the Government Service is retained at an absurdly low level. The position would be improved by making matriculation the qualifying standard, but a wastage of talent would then result, if the duties of women clerks were not at the same time made equal to those of men; and the Public Service Commission would still be confronted with the difficulties It is clearly time to consider carefully the of selection. question of admitting women equally with men to open competition for all grades. The working of the system in force in the United Kingdom might be examined with advantage.

# 3. The Public Service Commission

The Civil Service Commission in the Cape dates back to 1886, following the 1885 Civil Service Act to which reference has already been made. Until Union the office was honorary and the main functions were to conduct the entrance examinations and maintain the list of successful candidates. The 1904 Cape Commission recommended a wide extension of its powers, including the duty of equalising 895

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promotion between departments, but no action was taken. The Public Service Act of 1912 made provision for the standing Public Service Commission required by the Act of Union, and gave it wide powers, but the salaries of the members were lower than those of the heads of major departments and appointments were for a period of five years, the cabinet having power moreover to terminate an appointment within the term. In consequence the Commission was ignored by heads of departments and by the Government; the Public Service Act of 1914 drastically reduced its powers and functions, an Act of 1916 reduced its size, its very members lost faith in its utility and resigned, and frequent changes of personnel still further reduced its effectiveness.

It is not surprising therefore to find the Graham Commission of Inquiry pressing in its fifth report (1921) for a new commission of unprecedented strength to replace this "tragic failure." It wished for a board to control the whole service and not merely to advise, the chairman to be a judge of the Supreme Court, salaries to be higher than those of any civil servant, appointments to be permanent, full-time and pensionable and members to be removable only by an address to Parliament. Although these proposals were not adopted in their entirety the Public Service Commission, reconstituted by the Act of 1923, now . possesses much wider powers than ever before. The three members receive salaries which give them higher status than the permanent civil servants and are removable, during their term of office only by the Governor-General on an address from both Houses; but their appointments are for five years, i.e., the personnel may change with a change of government. Moreover, the powers of the Commission are limited to making recommendations to the Ministers, and the Cabinet may reject or vary them, the Commission's only right then being to report the incident to Parliament. There has invariably been a storm of vain criticism from the Opposition whenever a Government has

The Appointment of Public Servants

rejected a recommendation and appointed its own nominee to an administrative post, for there is absolutely no check on the qualifications of persons appointed in these circumstances. The Order in Council of 1920 operative in Great Britain provides a safeguard which might well be studied in this connection:

The qualifications of all persons proposed to be appointed, whether permanently or temporarily, to any situation or employment in any of H.M.'s Civil Establishments shall, before they are appointed, be approved by the Commissioners, and no person shall be so appointed until a certificate of his qualifications has been issued by the Commissioners.

It is now ten years since the last Commission of Inquiry into the Public Services of the Union submitted its final report. Is it too much to suggest that, in view of these considerations and of the necessity in this time of financial stringency for reviewing the cost of the Administration, there is ample justification for another impartial review of the condition of the Public Services at the beginning of the third decade of Union?

South Africa. July, 1930.

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#### NEW ZEALAND

#### I. POLITICAL CHANGES

#### The Parnell By-Election

"THE lamentable inertia" of the past quarter has been disturbed by three events: the Parnell by-election, the resignation of Sir Joseph Ward, and the appointment of Mr. G. W. Forbes as Prime Minister.

The by-election for Parnell (Auckland), which took place on May 7, was necessitated by Mr. H. R. Jenkins, who was returned by that constituency in 1928 as a supporter of the United party, resigning his seat on account of his dissatisfaction with the performances of that party. The Reform candidate was Mr. Endean, a man of forty-six, a university graduate and a retired lawyer of leisure and means, who served in the Royal Naval Volunteer Reserve in European waters from 1917 to 1919. The bearer of the United banner was Mr. W. A. Donald, a brother of the present Postmaster-General, while Labour was represented by Mr. T. Bloodworth, the most experienced of the three candidates, whose popularity in Auckland may be judged from the fact that he has topped the poll at the City Council, harbour and power board elections.

The result of the election was as follows:-

W. P. Endean (Reform) W. A. Donald (United) T. Bloodworth (Labour)	2 220	I S Dickson (Reform)	4,/93
*898			,

# Political Changes

Since the return of Mr. Endean the state of the parties in the House of Representatives is as follows:—

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Retorm	 	 29.	Country	 	1
United	 	 26	Country Independent	 	4
Labour		20			

"The tumult and the shouting" that marked Sir Joseph Ward's triumphal progress after his successful campaign in 1928 has already been described in these pages.\* It had scarcely died away when he was compelled by ill heath to yield to medical advice. On May 15, 1930, in a dignified and eloquent farewell to his fellow citizens that sounded a human and pathetic note, after consultation with his colleagues and "inspired by a keen desire that his indisposition should not hamper the efficient administration of the public affairs of the Dominion," he acknowledged that the time had arrived for him to lay down the reins of office as Prime Minister.

Naturally at a moment like this there is only one note, that of universal sympathy for a man who has for forty-three years served his country—for nearly twenty-five of them as a member of the Cabinet—and of admiration for the "one-man victory" which, sick man though he was even then, he won at the general election of 1928, and for the long and stubborn fight that he has since put up against a wasting disease. "The real wonder," as the Evening Post (Wellington, Independent) said on May 16, "is not that his sanguine spirit should at last have yielded to physical weakness, but that he should have carried on the perilous struggle so bravely and so long," while his strength was being steadily but slowly sapped.

Coupled with such expressions, public and private, of "the gratitude and sympathy of the whole nation," there have been reminiscences of the career of the telegraph messenger boy who rose to be Postmaster-General

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<sup>\*</sup> See The Round Table, No. 76, September, 1929, p. 887. † Sir Joseph Ward died on July 7.

# New Zealand

and Prime Minister, and gave a lead in universal penny postage; of the Imperialist who had "so robust a belief in the righteousness and the destiny of the British Empire", who proposed the gift of H.M.S. New Zealand to Britain; who procured our change of status from a Colony to a Dominion; who originated the idea of the British Trade Commissioners; who was associated with Mr. Massey in New Zealand's sustained effort in the great war, and who in one of his latest official utterances expressed his belief in the necessity for the Singapore base.

This brings us to the new Prime Minister and his Cabinet. The candidates for the leadership of the United party were Mr. G. W. Forbes, Mr. E. A. Ransom, Mr. W. A. Veitch, and Mr. H. Atmore. The two latter were eliminated at a preliminary ballot held at a meeting of the party caucus on May 21, and after a close contest Mr. Forbes was elected. The resignation of Sir Joseph Ward was received on May 23 by the Governor-General, who requested Mr. Forbes to form a new Cabinet, which was sworn in on May 28, Sir Joseph Ward being retained as a member of the Executive Council without portfolio, and new members being added. The various portfolios were reapportioned in the manner shown in the following table, which, however, gives the changes only in so far as the most important portfolios are concerned:—

O W F I	New Cabinet.
G. W. Forbes	Prime Minister
	Minister of Finance
	Minister of Customs
Sir Joseph Ward	Member of Executive
	Council (without port- folio)
E. A. Ransom	Minister of Lands
Sir Apirana Ngata	Minister of Native Affairs
H. Atmore	Minister of Education
W. A. Veitch	Minister of Railways
Sir Thomas Sidey	Attorney-General
	Leader of Legislative
	Council

Former Cabinet.

Minister of Lands

Minister of Agriculture

Prime Minister
Minister of Finance
Postmaster-General
Minister of Public Works
Minister of Native Affairs
Minister of Education
Minister of Labour
Minister of Mines
Attorney-General
Leader of Legislative
Council
Minister of Justice

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Minister of Public Works Minister of Railways W. B. Taverner P. A. de la Perrelle Minister of Internal Minister of Internal Affairs Affairs J. G. Cobbe Minister of Defence Minister of Defence Minister of Justice J. B. Donald Postmaster-General Postmaster-General, and subsequently, in lieu thereof, Minister Customs Minister of Health Minister of Health A. J. Stallworthy ... Minister of Labour S. G. Smith (Formerly Chairman of Committees of House of Representatives) (Formerly Chief Govern-A. J. Murdoch Minister of Agriculture Minister of Mines ment Whip)

Eight of the Ministers represent North Island constituencies, and six (including Sir Joseph Ward), the South Island.

The new Cabinet is remarkable in several respects. It contains fourteen Ministers, i.e., three more than there are private members of the party; the new Minister of Railways began life as an engine-driver; the premier is the first Canterbury born Prime Minister-he is greeted as "" Prime Canterbury" in his own province. He was born at Lyttelton in 1879, and was brought up in his father's ship chandler and ironmongery business there. In 1893, however, he took to farming, and drew the first section in the first ballot at Cheviot, North Canterbury, the first estate compulsorily taken over by the Liberal Government in the early days of the Ballance regime. He began his new life in a tent on his section, and has farmed his land successfully ever since, the total area being now 1,600 acres. In 1908 he entered Parliament as member for Hurunui, which he represents to this day. At the 1925 general election he was leader of the National party, which he continued to lead throughout the 1925-28 Parliament. When Sir Joseph Ward formed his Cabinet in December, 1928, Mr. Forbes was allotted the portfolios of Land and Agriculture, and during his chief's absence from Parliament last year he had to lead the

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# New Zealand

House and to force through Sir Joseph's land taxation proposals in the face of determined and continuous opposition, a task which he accomplished with both firmness and tact. His personality is fairly summed up by the Reform newspapers. Thus:—

He is the type (said the New Zealand Herald of Auckland on May 22) that makes many friends, and few, if any, enemies. His reputation before his elevation to Cabinet rank, and maintained since that time, has been for plain speaking and plain dealing, for straightforward bearing and for freedom from the bitterness and rancour which so often creep into the cut-and-thrust of party politics. These are qualities which make his elevation to the highest office in his party and in Parliament a signal for general congratulations to the man who is certain to bear his honours modestly.

He has had (says the Otago Daily Times of Dunedin) a long parliamentary experience, and his straightforward methods, honesty of purpose and capacity for hard work have earned for him high respect as a man. It is the way of the public, however, to look for more outstanding qualities in a Prime Minister than Mr. Forbes can be fairly said to possess. He is not impressive on the platform or in the

important matter of personality.

Mr. Forbes is, at all events, a safe and practical man of equable temperament, sane and sincere, and he enjoys excellent health—he was formerly captain of the Canterbury representative Rugby football team. His manifesto to the public and his statement of the financial prospect for the coming year have, moreover, made a good impression. His appeal to his fellow-citizens was published in the press on May 28. It reads as follows:—

I am undertaking a high duty with a due sense of humility and an earnest desire to serve the public weal to the fullest extent of my powers. I am conscious of limitations, but I shall strive earnestly to do my best for the country in which I was been, and in which all my interests are centred.

He went on to express confidence that there would be national and imperial occasions upon which his opponents would feel justified in giving his Government their distinterested help, and his proposal with reference to the

Political Changes

Imperial Conference was both fair and sensible. He suggested an assurance from the Opposition parties that no no-confidence motion would be carried against the Government during his absence, while he on his side would undertake to give precedence to the most important and controversial of the Bills which involved questions of policy, so that they might be disposed of before he leaves about September 1. If his proposal is accepted, he hopes to negotiate with the Canadian Prime Minister a new treaty between the two Dominions on more favourable terms than the basis recently suggested.

Both the new members of the Ministry have good records of public service. Mr. Murdoch is fifty-three, and has been a farmer since 1919. A university graduate, he began life as a teacher, was elected for Marsden in 1922 and again in 1928, and became chief Government Whip as well as Chairman of the Public Accounts and Finance Committee. Mr. Smith was a member of the railway service for twenty years, with considerable influence in the councils of the Amalgamated Society of Railway Servants. He has done good service in educational matters, and, with the exception of the period 1925–28, has represented Taranaki in Parliament since 1918. He was Chairman of Committees in the House of Representatives.

#### The Call for Fusion.

There is at the present time a strong feeling among the public that it is not merely co-operation that is needed between the United and the Reform parties, but actual fusion. For the man in the street sees no material difference between these two parties.

Thus the Dominion of Wellington, a Reform journal, pointed out on May 16 that Sir Joseph Ward's resignation leaves no insuperable obstacle to a coming together of Reform's and Uniteds, and that fusion would give the country a government with the stability and the authority

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that it needs. The same view was expressed by Labour in the New Zealand Worker of Wellington on May 14, which considered that "the stage would appear set for an amalgamation between the two anti-Labour parties. Their fusion would simplify New Zealand's politics and end a situation which is marked by confused manœuvrings."

If an "Independent" opinion is wanted, the Evening Post of Wellington expressed its belief on May 16 that the present crisis makes as clear a call to Mr. Forbes and Mr. Coates to put nation above party as the world war made to Mr. Massey and Sir Joseph Ward in 1915, and trusts that they will make the same reply. It recalls Sir Joseph Ward's speech at Invercargill, reported by the Southland. News of October 21, 1925:—

The undoubted tendency everywhere is (he said) to meet the rising Socialist movement by a union of forces of those who stand for constitutionalism, law, and order. I am of opinion that the two main parties should get together and endeavour to form the strongest and best Government the Dominion can produce. There are no great vital questions dividing them, such as existed between Liberals and Conservatives in the old days. I recognise that the dividing lines are important, but they are not incapable of adjustment.

#### And in the words of the Evening Post,

the dividing line which in 1925 Sir Joseph Ward regarded as important but not incapable of adjustment has been made of far less intrinsic importance to-day by the disappearance of controversial issues, and, relatively, its importance is dwarfed by the gravity of the financial and industrial outlook. It is not incapable of adjustment now if our leaders are minded to adjust it. . . . But (it added on May 31) overtures (from the Government to Reform) should not be over long delayed—or the conviction that the Opposition benches are warmest in a retrenchment period may resolve into a decision to let the Government freeze itself out.

However, despite the call for fusion, there has so far been no indication of any move in that direction by the leaders of either party.

# The Financial Position

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URING the quarter under review there has been jubilation in the ranks of the United party. The loan floated early in May was a success, and the financial year ending on March 31, 1930, resulted in a surplus. comparatively modest size of the loan was an indication that the United Ministry was not going to indulge in an orgy of borrowing, while the fact that a loan of 53 millions at 99, repayable in 1949, was over-subscribed within three hours of the opening of the lists, could be justly claimed by Sir Joseph Ward as a tribute to the financial stability of the country and the ability and determination of the Dominion under the United Government, as well as under its Reform predecessor, to balance its budget. A substantial part of the issue of some recent loans, the terms of which were more profitable to investors than this one, were left on the hands of the underwriters. The money raised is to be spent on the Public Works programme of the Government. In this connection a note of warning has been sounded :-

Money is being borrowed (says the *Dominion*, of Wellington, a Reform journal) at 5\frac{1}{2} per cent. for public works (probably railway construction chiefly), power schemes, and railway improvement. As for railways, those existing fall far short of paying the statutory rate of 4\frac{1}{2} per cent., let alone 5\frac{1}{2} per cent. There is clearly little chance of new lines through practically empty country doing better than existing railways that serve cities and fully developed districts. Nor do power schemes offer good prospects, judged by the lack of Nor do power schemes offer good prospects, judged by the lack of financial return so far made by existing hydro-electric works. Local loans at 5\frac{1}{2} per cent. have been used partly for State advances at 5\frac{3}{4} per cent. The margin even in this class of business is perilously narrow.

Sir Joseph Ward during the Parnell election campaign declared that, as the result of his financial operations, he had converted a deficit of £577,000 into a surplus, which he

# New Zealand

estimated would be about £150,000. The actual surplus as shown in the public accounts for the last financial year, published on May 23, was given as £148,979, the revenue as £25,349,861, and the expenditure £25,200,882. The revenue shows an increase of £1,750,185 and the expenditure of £1,023,954 on the figures for the preceding twelve months. In the revenue figures the customs represented an increase of £942,794, nearly £508,000 in excess of the estimate, the land tax £366,588, and income tax £222,886. At the Parnell election the cry of Mr. Donald, the "United" candidate, was: "Try as they will, the critics of the Government could not wipe out that surplus."

The Sun\* in reply declared that

It was neither efficient administration nor a masterly handling of finance that provided a surplus. The appreciable gain was the amount of a buoyant customs revenue plus the imposition of increased taxation in open defiance of the Government's pledge to reduce the irksome burden of all sorts of taxes on a too tolerant people. It was Labour's alliance with the Government for the purpose of imposing an additional levy through the customs on people with secure incomes which helped to yield a surplus.

And the Reform Dominion of Wellington finds it, on May 5,

hard for Sir Joseph to explain why expenditure last year increased by over one million and revenue through increased taxation by 1\frac{3}{4} millions. Very hard indeed to reconcile this result with Sir Joseph's statement that he took prompt steps to remedy matters following on the discovery of a deficit. It is a strange remedy, when you are caught short, to proceed in the next year to spend a million more, and, stranger still, after having promised electors to reduce taxation, to proceed at once to collect £1,750,000 extra.

Although the past year shows a small surplus the coming year will be a critical one, and the new Prime Minister has lost no time in taking the country into his confidence, inviting us all to "cut our coat according to our cloth, both

\* Of Auckland (Independent).

## The Financial Position.

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privately and nationally." Mr. Forbes predicts a shortage of three millions for the coming year, a loss on the railways of a million and a quarter, a yield from the customs diminished by a million, and certain State services will require the expenditure of an additional half million for automatic increases in debt charge, pensions, and other statutory payments of a rigid nature.

In a statement which appeared in the press on May 30 Mr. Forbes explains "the thunderbolt from the skies" in as far as the railways are concerned.

In 1925, with the object of placing the railways upon a commercial basis (he said), the Government passed legislation separating the railway finances from those of the Consolidated Fund. Reserves were to be built up for renewals and depreciation, and interest at the average cost of the capital was to be paid each year to the Consolidated Fund, which, however, was to pay back to the railways the amount of the losses on branch lines and isolated sections. An amount of £1,327,649, representing surplus earnings for former years after deducting a policy rate of interest, was handed back to the railways as working capital.

For the four years ended March 31, 1929, after receiving annual subsidies on branch lines, etc., rising from £360,000 for 1925-26 to fust on £500,000 for 1928-29, the railways showed results as follows:

1925-26 .. £79,000 profit | 1927-28 .. £291,000 loss | 1928-29 .. £33,000 loss

Consequent on legislation passed last session no subsidy on branch lines and isolated sections was paid last financial year, but this loss to the railway accounts was for the most part offset by writing off £8,100,000 of capital, which lessened the interest charge on the railways.

The financial result for 1929-30 was a loss of about £1,210,000,

making a net accumulated loss to date of £1,955,000.

Up till now, however, these losses have been met in the railway accounts out of the working capital and reserves created. Apart from a cash advance of £150,000 to enable the railways to complete the payment for last financial year, the interest due to the Consolidated Fund has been paid out of the cash resources of the railways, and the losses that I have referred to, apart from those on branch lines, did not fall upon the taxpayer.

For the current financial year, however, from sheer lack of cash resources, the railways must fall short in their interest payments by

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the amount of the net loss for the year, estimated on the present basis of operations at about £1,250,000.

The Government proposes to set up a special commission outside the public service to investigate the Railway Department's activities and to advise the Government where economies can be effected. Mr. Forbes endorses the view of Sir Joseph Ward that "the chief cause of the trouble is direct competition instead of co-ordination between road and rail transport services," and promises measures to bring about such co-ordination. He contemplates reductions in expenditure rather than heavy increases in taxation, and appeals to the people to look at the matter, from a national standpoint and to support the Government in carrying out an unpleasant duty.

As regards the various departments and the possibility of "cuts," he considers that "the huge annual cost of education (now over four millions, and steadily increasing every year) requires serious consideration, and the question arises whether the limit of the burden on the taxpayer has not been reached." The expenditure on naval and military defence, over a million a year, the Prime Minister hopes to reduce to half a million by suspending military camps and allocating to each department only sufficient funds to enable it to carry out its normal functions efficiently by the exercise of rigid economy in detail. Great care will be taken to spend further loan moneys on objects from which an indirect return may be expected, but the Government will not hesitate to provide the capital essential for the economic development of the country. Hospital boards, which receive subsidies from the Government on capital account, will be requested to reduce their expenditure to an absolute minimum, while subsidies to enhance bequests and voluntary contributions will have to be curtailed, and even withheld in cases where no undue hardship will result. Finally, it is probable that some additional taxation will be unavoidable.

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### The Financial Position

#### The Railway Position

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The two matters in the Prime Minister's retrenchment programme that have aroused most discussion are railways and defence. A Commission was promptly appointed by him to see if the loss on the railways could be lightened and the service improved. Mr. R. Masters, of Stratford, a prominent Taranaki business man, in touch with the dairying industry, will be chairman both of this Commission and of the Transport Board. The terms of the Commission's reference are very wide, covering nearly everything which comes under the heads of management, running, and maintenance of the existing railways, and the four new workshops in the principal railway centres. Such questions as whether the volume of work is sufficient to keep them fully occupied and whether any portion of the existing railway system should be abandoned and how road and rail transport should be co-ordinated are also included. The main duty of the Commission seems, indeed, to be to ascertain what economies can be effected consistently with the maintenance of efficiency. One important omission from the reference is the question whether the lines which are now under construction, especially the South Island Main Trunk and the Nelson-Westland connection, can be made to pay. As the Wellington Dominion pointed out on June 9, "the striking fact is that, while existing railways are not paying 2 per cent. (interest) the Government is prosecuting the construction of new lines through less farmable districts with money costing 57 to 57 per cent."

The Evening Post, of Wellington, a few days later pointed out that "the Government so frames the order of reference that the Commission may not enquire into either the fruits of present political control or the burdens which political railway construction will presently thrust upon the department." Attention has been drawn to the fact that it is only six years ago since a commission consisting of

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Sir Sam Fay and Sir Vincent Raven conducted what was probably the most exhaustive inquiry yet held into the New Zealand railway system, and, as a result of one of their chief recommendations, the four large railway workshops, the operation of which is now referred to the present Commission to investigate, were erected.

There seems a good deal in the contention of the New Zealand Herald, of Auckland:

Instead of appointing a special commission (this journal says, on May 30), Mr. Forbes should go to the departmental officers direct, demand that they survey the position, propound the remedies, and give them a free hand to apply them, it being made plain that results are required, and that the department is assured against influence from the dead hand of past policies or from political interference.

Aye, there's the rub. As Mr. Sterling, the present general manager, has pointed out, the policy is political but the standard of judgment is commercial.

The leading newspapers of the Dominion agree that our railways must be freed from political control, and, except those in districts affected by the completion of the South Island Main Trunk Line, that no new railways should be constructed until a thorough investigation has been made into the financial prospects. Even that staunch supporter of the United party, the Auckland Star, declared on May 30:—

One thing is perfectly clear, not another mile of railway line shall be built unless and until it is fully justified. To proceed further with the South Island Main Trunk line now, without an entirely favourable report based on the fullest investigation, would be sheet madness.

#### And again on June 18:--

Will the all-important question of new lines be considered? If not, then the inquiry is shorn of much of its value. One reason why the railways do not pay is that they are loaded with "dead" capital, and the very first essential of reformed policy is to make it as certain as is humanly possible that no more uneconomic lines be built.

## The Financial Position

If the Government really means to exclude this factor from the review of the Commission, then it should announce unequivocally that it will adopt the policy of submitting all proposed lines to the most rigorous examination as to their prospects. It would be sheer folly to go to a great amount of trouble to look for small leaks and at the same time ignore this huge hole.

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#### Defence

Since the Prime Minister's announcement of his hope to save half a million this year out of the normal vote of a million for the naval, air, and military forces, and the rumours that most of the cut was to come out of the expenditure on our territorial system, and that the Government contemplated doing away with that system of compulsory military training and substituting a volunteer force, it was a foregone conclusion that the defence question would be a live one this session. Our present system was established by Sir Joseph Ward's Government in 1909, and in 1910 it was reformed on lines suggested by Lord Kitchener, so as to make the New Zealand unit, in case of mobilisation, fit in with the Imperial organisation. conference of our leading Territorial officers has been held and a deputation of officers waited on the Minister of Defence to suggest the appointment of a Royal Commission, including a representative of the Imperial Government, to consider and report on the revised scheme of defence contemplated by the Cabinet. The reply was that the Government would make the fullest enquiry.

The gravity of the situation has led to the revival of the National Defence League of New Zealand under the presidency of Major-General Sir Andrew Russell, who commanded the New Zealand Division in France in the war, and to an agitation for the preservation of our present Territorial system. The League is non-party and not political, except that it will oppose any political party which aims at weakening the National Defence Forces of New Zealand. It was formed in 1920 to combat the

reaction that—as is always the case after a great war—set in in that year. The principal plank in its platform is the maintenance of a universal defensive training system.

Sir Andrew Russell, explaining the objects of the League on June 16, stated that it stood firmly behind the League of Nations in the hope that the League might bring about such a change in the sphere of international morality as to make war an anachronism; but that the Defence League held that disarmament should and would follow a change of heart, not that it should precede it. He pointed out that "military training is perhaps the only extant example of truly national team work in which the individual is taught to sink his own personal advantage in favour of the safety and welfare of his fellows in the attainment of the common end."

After this preliminary bombardment a deputation of the League, headed by Sir Andrew Russell, waited on the Prime Minister and Mr. Cobbe, the Defence Minister, on June 17, and suggested that the Government should reconsider its proposals and allow the Defence Department sufficient funds to enable the defence system to be carried on without endangering the existing organisation or upsetting the machinery, and that, as the present financial position was temporary, the steps taken to meet it should also be of a temporary nature.

The Prime Minister's reply was not calculated to reassure the deputation or the country. He admitted that the days of war were not, in his opinion, over, and promised that the representations of the deputation would be considered by the Cabinet, which had no intention of scrapping the whole of the defence system, but he suggested that in that system we were not getting value for our money, and that there was considerable opposition to it among men who had been under training. He repeated the stock argument of opponents of compulsory military training, that they had been told during the war that the voluntary raw

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material was better to work on than the material from the Territorial forces. He thought that it would be better to keep pace with developments in aviation instead of spending money on land defence, and he declared that the Government would overhaul and improve the system of defence, but he gave no hint of the method by which it proposed to do so. In view of the dependence of the Government on the support of the Labour party, which is determined to repeal the Defence Act, our defence system is certainly in danger. Another disquieting feature is that, although the Reform party is pledged to provide adequate defence, none of its leaders have so far appealed to the party to sally in support of the Act.

The New Zealand Returned Soldiers Association, which keeps free of party politics, on June 24 passed the following resolution :-

The defence of the Empire being a matter transcending local conditions, party politics, and passing economic phases, this conference of the N.Z.R.S.A. opposes any drastic change in our defence system or in our expenditure on defence. This conference is further of the opinion that this Dominion should bear its fair share of the defence of the Empire.

On broad lines the conference appeared to be unanimous, the only difference being the view of a small minority with regard to the wording of the protest.

The attitude of the Labour party has been explained by Mr. W. Nash, member for Hutt, and National Secretary of the party, in a statement issued on March 29, which read as follows :-

The Bill introduced in the last session of Parliament by Mr. W. J. Jordan, M.P., on behalf of the Labour party provided for the repeal of compulsory military training. The party's policy, outside the abolition of compulsory military training, is to support the British Labour Government in its efforts to secure disarmament by agreement among the nations. The New Zealand Labour party, however, as a Government, would take all the steps that are necessary to ensure proper organisation for the defence of the Dominion. Its

policy would be definitely determined by the extent to which disarmament had been achieved by agreement. Any disarmament proposals will be definitely based on mutual agreement between the various nations.

#### The Land Tax

On June 11 a summary of the report of the Commission appointed under section 3 of the Land and Income Tax Amendment Act, 1929, to inquire into and deal with cases of hardship arising from the imposition by that Act of a special land tax, was published.\*

That report, according to the New Zealand Herald, " has said enough to justify practically all the criticism to which the special land tax has been subjected." It certainly shows that the outcry against the discriminatory legislation against the farmers had substance, and that the safeguards successfully fought for by the Reform party in the House of Representatives were required. The objections put forward by the claimants for relief coincided to some extent with those already specified in these pages; † 1,500 land owners were affected by the special tax, 628 filed objections, and the Commissioners recommended the cancellation . of the tax in 399 cases, and the reduction of the tax in 109. additional instances. In other words, relief was given. in 508 cases, or one-third of the whole number of landowners affected. The total amount of remission recommended by the Commission was £118,287; the total amount of revenue that would have been derived from this tax had there been no remission would have been £315,000; the balance that will actually reach the coffers of the State will be £196,700. These figures speak for themselves. The legislation will clearly have to be reviewed.

<sup>\*</sup> See The Round Table, No. 77, December, 1929, p. 211; and No. 78, March, 1930, p. 433.

<sup>†</sup> See The Round Table, No. 77, December, 1929, p. 209. 914

## The Governor-General's Speech

III. THE GOVERNOR-GENERAL'S SPEECH

HE third session of the twenty-third Parliament was opened on June 26. The Governor-General's speech was vague as an exposition of practical policy dealing with the difficulties with which the country is faced. "Maters to be considered," are the report of the Experts Committee on Dominion Legislation, and ways and means to develop inter-Imperial trade. Legislation is promised to minimise the wasteful competition in transport. Government will provide as much employment as possible on publi@works and other State activities and has doubled the former rate of subsidy on labour costs to urban and suburban local authorities. Proposals will be submitted to extend the facilities under which areas of Crown Lands can be developed prior to their selection. A radio-telephone service is to be established between Australia and New Zealand. Work has been commenced on the development of eight blocks of native land. Parliament will be asked to "concur in certain modifications of the present defence system" in so far as the land forces are concerned, a curtailment of expenditure being necessary. The recommendations of the Unemployment Committee appointed in October, 1928, have been carefully considered and proposals will be brought forward at an early date to relieve if not wholly to overcome unemployment.

New Zealand, June 30, 1930.

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NOTE.

Since this article was written, Mr. J. S. Fletcher has been excluded from the councils of the United party, and must be ranked as an Independent. This makes the number of United party members in the House 25, and the number of Independents 5.

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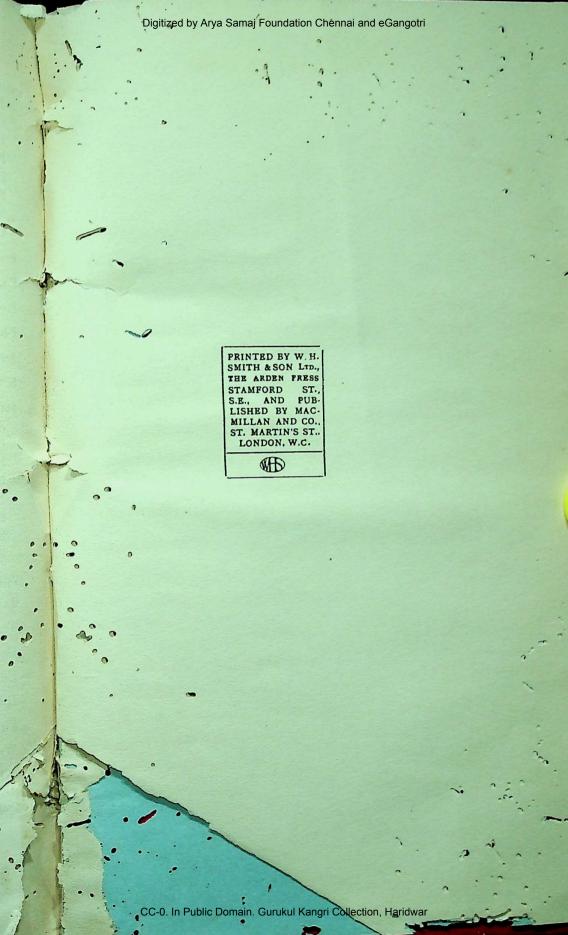
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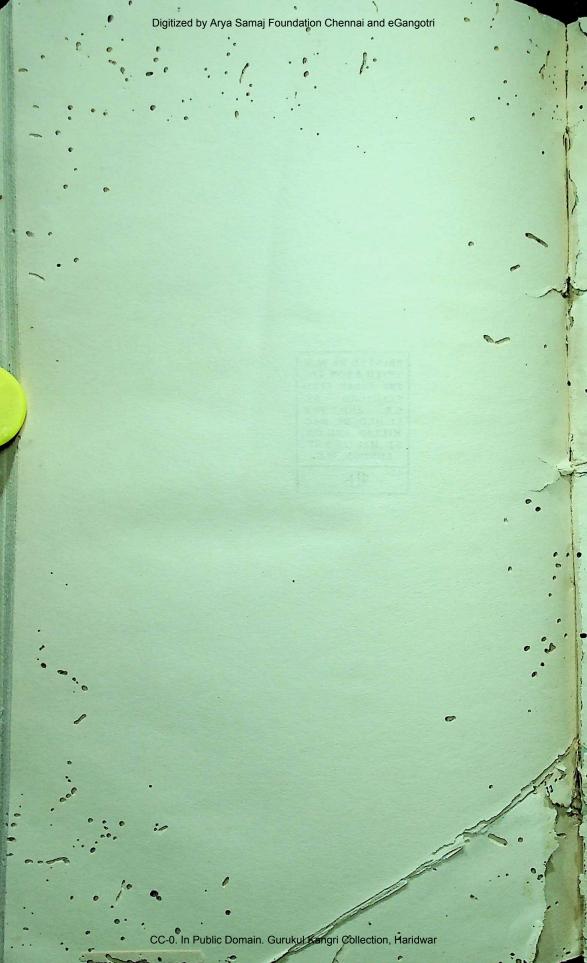
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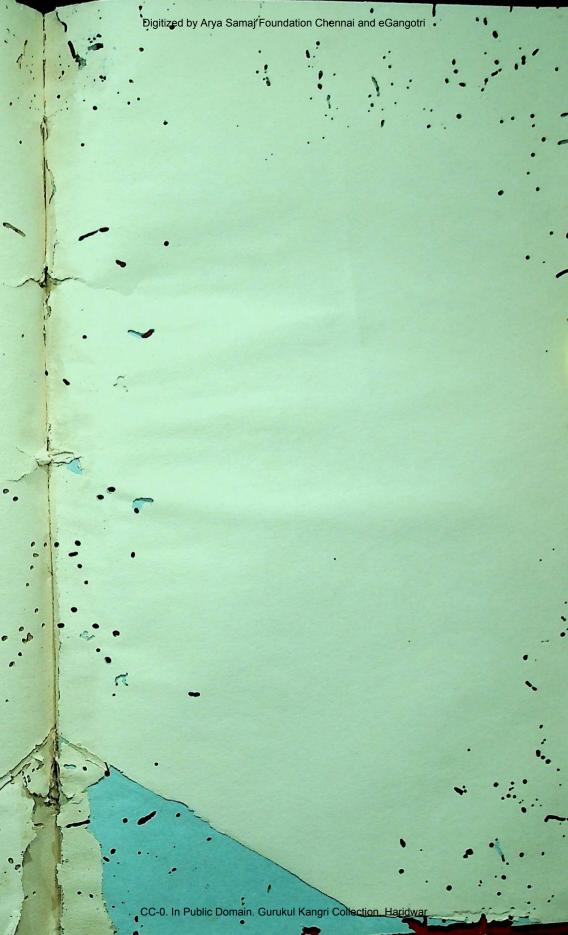
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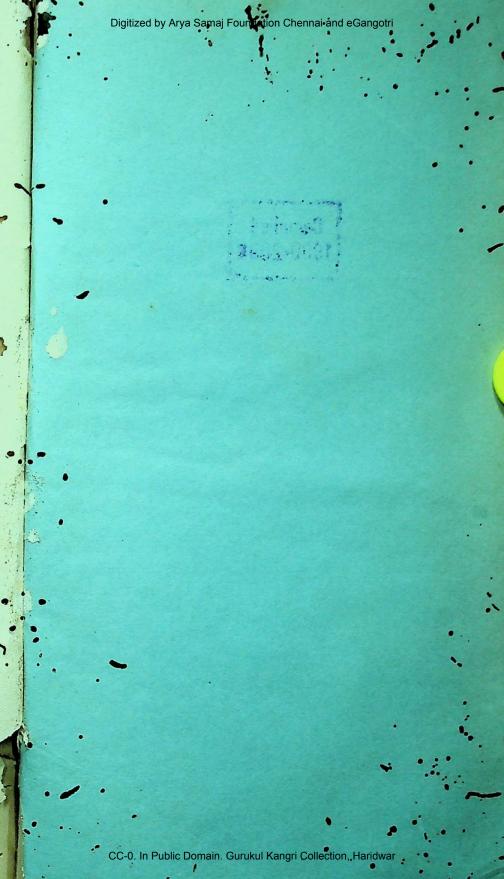
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